

PHH CORP
Form DEF 14A
April 23, 2014

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material under §240.14a-12

PHH CORPORATION

(Name of Registrant as Specified In Its Charter)

N/A

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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April 23, 2014

Dear Fellow Stockholder:

You are cordially invited to attend the 2014 Annual Meeting of Stockholders (the "Annual Meeting") of PHH Corporation (the "Company"), which will be held at our offices located at 3000 Leadenhall Road, Mt. Laurel, New Jersey 08054, on Thursday, May 22, 2014, at 10:00 a.m., local time. At the Annual Meeting, stockholders will be asked to vote on the matters described in the accompanying Notice of 2014 Annual Meeting.

YOUR VOTE IS EXTREMELY IMPORTANT REGARDLESS OF THE NUMBER OF SHARES YOU OWN.

In order to ensure that your shares are represented at the Annual Meeting, whether you plan to attend or not, please vote in accordance with the enclosed instructions. You can vote your shares by telephone, electronically via the Internet or by completing and returning the enclosed proxy card or vote instruction form. If you vote using the enclosed proxy card or vote instruction form, you must sign, date and mail the proxy card or vote instruction form in the enclosed envelope. If you decide to attend the Annual Meeting and wish to modify your vote, you may revoke your proxy and vote in person at the meeting.

Admission to the Annual Meeting will be by admission ticket only. If you are a stockholder of record and plan to attend the Annual Meeting, retain the top portion of your proxy card as your admission ticket and bring it and a photo ID with you so that you may gain admission to the meeting. If your shares are held through a bank, broker or other nominee, please contact your nominee and request that the nominee obtain an admission ticket for you or provide you with evidence of your share ownership, which will gain you admission to the Annual Meeting.

Thank you for your continued interest in PHH Corporation. We look forward to seeing you at the meeting.

Sincerely,

Glen A. Messina
President and Chief Executive Officer

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PHH CORPORATION

3000 Leadenhall Road
Mt. Laurel, New Jersey 08054

NOTICE OF 2014 ANNUAL MEETING

To Our Stockholders:

The 2014 Annual Meeting of Stockholders of PHH Corporation (the "Company") will be held at our offices located at 3000 Leadenhall Road, Mt. Laurel, New Jersey 08054, on Thursday, May 22, 2014, at 10:00 a.m., local time (the "Annual Meeting"), for the following purposes:

1. To elect nine directors, each to serve until the 2015 Annual Meeting of Stockholders and until their respective successors are duly elected and qualified, or until their earlier death, retirement or resignation;
2. To approve the PHH Corporation 2014 Equity and Incentive Plan, including the performance goals established under the plan for purposes of compliance with Section 162(m) of the Internal Revenue Code of 1986, as amended;
3. To ratify the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for 2014;
4. To conduct an advisory vote to approve the compensation of our named executive officers; and
5. To transact such other business as may properly come before the Annual Meeting or any adjournment or postponement thereof.

The Board of Directors has fixed the close of business on March 26, 2014 as the record date for the Annual Meeting. Only stockholders of record as of the close of business on the record date are entitled to notice of, and to vote at, the Annual Meeting and any adjournment or postponement thereof.

By Order of the Board of Directors

William F. Brown
Senior Vice President, General Counsel and Secretary

April 23, 2014

**IMPORTANT NOTICE REGARDING THE INTERNET AVAILABILITY OF PROXY MATERIALS
FOR THE 2014 ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON MAY 22, 2014.**

**THIS NOTICE OF 2014 ANNUAL MEETING, PROXY STATEMENT AND 2013 ANNUAL REPORT
IS AVAILABLE ON THE INTERNET AT:**

<http://www.proxyvote.com>

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PHH CORPORATION

3000 Leadenhall Road
Mt. Laurel, New Jersey 08054

**PROXY STATEMENT FOR THE
2014 ANNUAL MEETING OF STOCKHOLDERS**

This Proxy Statement is being furnished to the holders of common stock, par value \$0.01 per share, of PHH Corporation, a Maryland corporation (the "Company"), in connection with the solicitation by our Board of Directors of proxies to be voted at the 2014 Annual Meeting of Stockholders of the Company (the "Annual Meeting") to be held at our offices located at 3000 Leadenhall Road, Mt. Laurel, New Jersey, on Thursday, May 22, 2014, at 10:00 a.m., local time, or at any postponement or adjournment of the Annual Meeting, for the purposes set forth in the accompanying Notice of 2014 Annual Meeting.

This Proxy Statement and the other proxy materials are being mailed to stockholders and are first being made available via the Internet on or about April 23, 2014. If a stockholder executes and returns the enclosed proxy card or vote instruction form or submits vote instructions to us by telephone or via the Internet, the stockholder may nevertheless revoke their proxy at any time prior to its use by filing with the Secretary of the Company a written revocation or a duly executed proxy bearing a later date or by submitting revised vote instructions to us by telephone or via the Internet prior to 11:59 p.m. EDT on Wednesday, May 21, 2014, in accordance with the instructions on the enclosed proxy card or vote instruction form. A stockholder who attends the Annual Meeting in person may revoke his or her proxy at that time and vote in person if so desired.

Admission to the Annual Meeting will be by admission ticket only. If you are a stockholder of record and plan to attend the Annual Meeting, retain the top portion of your proxy card as your admission ticket and bring it and a photo ID with you so that you may gain admission to the meeting. If your shares are held through a bank, broker or other nominee, please contact your nominee and request that the nominee obtain an admission ticket for you or provide you with evidence of your share ownership, which will gain you admission to the Annual Meeting.

Unless revoked or unless contrary instructions are given, each proxy that is properly signed, dated and returned or authorized by telephone or via the Internet in accordance with the instructions on the enclosed proxy card or vote instruction form prior to the start of the Annual Meeting will be voted as indicated on the proxy card or vote instruction form or via telephone or the Internet and if no indication is made, each such proxy will be deemed to grant authority to vote, as applicable:

(1) Proposal 1: **FOR** the election of each of Ms. Jane D. Carlin, Mr. James O. Egan, Mr. Thomas P. Gibbons, Mr. Allan Z. Loren, Mr. Glen A. Messina, Mr. Gregory J. Parseghian, Mr. Charles P. Pizzi, Ms. Deborah M. Reif and Mr. Carroll R. Wetzel, Jr., each to serve until the 2015 Annual Meeting of Stockholders and until their respective successors are duly elected and qualified, or until their earlier death, retirement or resignation (the "Director Election Proposal");

(2) Proposal 2: **FOR** the approval of the PHH Corporation 2014 Equity and Incentive Plan, including the performance goals established under the plan for purposes of compliance with Section 162(m) of the Internal Revenue Code of 1986, as amended (the "Equity Incentive Plan Proposal");

(3) Proposal 3: **FOR** the ratification of Deloitte & Touche LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2014 (the "Ratification of Auditors Proposal");

(4) Proposal 4: **FOR** the advisory resolution approving compensation of our named executive officers as disclosed pursuant to Item 402 of Regulation S-K (the "Say on Pay Vote"); and

(5) At the discretion of the persons named in the enclosed proxy card, on any other matter that may properly come before the Annual Meeting or any adjournment or postponement of the Annual Meeting.

OUR BOARD OF DIRECTORS RECOMMENDS THAT STOCKHOLDERS VOTE "FOR" THE ELECTION OF EACH OF THE NOMINEES LISTED UNDER THE DIRECTOR ELECTION PROPOSAL, "FOR" THE EQUITY INCENTIVE PLAN PROPOSAL,

"FOR" THE RATIFICATION OF AUDITORS PROPOSAL, AND "FOR" THE SAY ON PAY VOTE.

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GENERAL INFORMATION ABOUT THE 2014 ANNUAL MEETING

Why am I receiving these proxy materials?

You are receiving these proxy materials because our Board of Directors (the "Board") is soliciting your proxy to cast your vote at the 2014 Annual Meeting of Stockholders (the "Annual Meeting") of PHH Corporation, a Maryland corporation ("we," "our," "us," "PHH" or the "Company"), and any adjournment or postponement of the Annual Meeting. This Proxy Statement, the accompanying Notice of 2014 Annual Meeting, our Annual Report on Form 10-K for the year ended December 31, 2013 filed with the U.S. Securities and Exchange Commission (the "SEC") on February 26, 2014 (the "2013 Annual Report"), and the enclosed proxy card or vote instruction form for those stockholders that have been sent printed copies of our proxy materials are being mailed to stockholders or are first being made available to stockholders via the Internet on or about April 23, 2014.

When and where is the Annual Meeting going to be held?

The Annual Meeting will be held at our offices located at 3000 Leadenhall Road, Mt. Laurel, New Jersey, on Thursday, May 22, 2014, at 10:00 a.m., local time. Registration and seating will begin at 9:00 a.m., local time.

What is the purpose of the Annual Meeting?

At the Annual Meeting, stockholders will vote on the matters described in the accompanying Notice of 2014 Annual Meeting and this Proxy Statement. The only matters expected to be voted upon at the Annual Meeting are (1) the Director Election Proposal, (2) the Equity Incentive Plan Proposal, (3) the Ratification of Auditors Proposal and (4) the Say on Pay Vote.

What are the Board's recommendations for how I should vote my shares?

The Board recommends that you vote your shares as follows:

Proposal 1: **FOR** the election of each of Ms. Jane D. Carlin, Mr. James O. Egan, Mr. Thomas P. Gibbons, Mr. Allan Z. Loren, Mr. Glen A. Messina, Mr. Gregory J. Parseghian, Mr. Charles P. Pizzi, Ms. Deborah M. Reif and Mr. Carroll R. Wetzell, Jr., each to serve until the 2015 Annual Meeting of Stockholders and until their respective successors are duly elected and qualified, or until their earlier death, retirement or resignation;

Proposal 2: **FOR** the approval of the PHH Corporation 2014 Equity and Incentive Plan, including the performance goals established under the plan for purposes of compliance with Section 162(m) of the Internal Revenue Code of 1986, as amended;

Proposal 3: **FOR** the ratification of Deloitte & Touche LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2014; and

Proposal 4: **FOR** the advisory resolution approving compensation of our named executive officers as disclosed pursuant to Item 402 of Regulation S-K.

Who can attend the Annual Meeting?

Only stockholders of record as of the close of business on March 26, 2014, or their duly appointed proxies, may attend the Annual Meeting. Stockholders will be asked to present valid picture identification, such as a driver's license or passport. Please note that, if you hold your shares in "street name" (that is, through a bank, broker or other nominee), you must bring either a copy of the vote instruction form provided by your bank, broker or other nominee or a copy of a brokerage statement reflecting your stock ownership as of the record date.

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Cameras and video recording devices will not be permitted at the Annual Meeting. A list of stockholders entitled to vote at the Annual Meeting will be available for examination by any stockholder for any purpose germane to the Annual Meeting beginning ten days prior to the Annual Meeting during ordinary business hours at 3000 Leadenhall Road, Mt. Laurel, New Jersey 08054, our principal place of business, and ending on the date of the Annual Meeting.

Do I need an admission ticket to attend the Annual Meeting?

Yes. Attendance at the Annual Meeting will be limited to stockholders of record as of the record date, their authorized representatives and our guests. Admission will be by admission ticket only. For registered stockholders, the top portion of the proxy card enclosed with the Proxy Statement will serve as an admission ticket. If you are a beneficial owner and hold your shares in "street name," or through an intermediary, such as a bank, broker or other nominee, you should request an admission ticket from your bank, broker or other nominee or send a request in writing to PHH Corporation, Attention: Investor Relations, 3000 Leadenhall Road, Mt. Laurel, New Jersey 08054, and include proof of ownership of PHH Corporation common stock, such as a bank or brokerage firm account statement or letter from the bank, broker or other nominee holding your stock, confirming your beneficial ownership. Stockholders who do not obtain admission tickets in advance of the Annual Meeting may obtain them on the date of the Annual Meeting at the registration desk upon verifying their stock ownership as of the record date. In accordance with our security procedures, all persons attending the Annual Meeting must present picture identification along with their admission ticket or proof of beneficial ownership in order to gain admission to the meeting. Admission to the Annual Meeting will be expedited if admission tickets are obtained in advance. Admission tickets may be issued to others at our discretion.

How many votes must be present at the Annual Meeting to constitute a quorum?

Stockholders holding a majority of the issued and outstanding shares of our common stock entitled to vote as of the record date, March 26, 2014, must be present, in person or by proxy, to constitute a quorum at the Annual Meeting. As of the record date, there were 57,377,894 shares of our common stock issued and outstanding. Shares represented by abstentions on any proposal to be acted upon by stockholders at the Annual Meeting will be treated as present at the Annual Meeting for purposes of determining whether a quorum is present.

How many votes can be cast by all stockholders?

57,377,894 votes may be cast at the Annual Meeting. Each stockholder is entitled to cast one vote for each share of common stock held by such stockholder as of the record date. There is no cumulative voting and the holders of our common stock vote together as a single class.

What vote is needed for each of the proposals to be adopted?

Proposal 1 Director Election Proposal: Directors are elected by a plurality of the votes cast by stockholders of record as of the record date that are present, in person or by proxy, at a meeting of stockholders at which a quorum is present. Accordingly, the nine candidates with the highest number of "**FOR**" votes will be elected, subject to our majority vote standard for directors in uncontested elections as set forth in our Corporate Governance Guidelines and described below. Under applicable Maryland law, abstentions and broker non-votes, if any, will not be counted as votes cast for the election of directors and, therefore, will have no effect on the outcome of the vote, although abstentions and broker non-votes will be taken into account for purposes of determining whether a quorum is present at the meeting. Under our Corporate Governance Guidelines, a director that fails to receive more votes cast "for" than "against" his or her election or re-election is expected to tender his or her resignation from the

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Board and, within 90 days following certification of the stockholder vote, the Corporate Governance Committee of the Board is required to determine whether to accept the director's resignation and to submit such recommendation for prompt consideration by the Board. Under our Corporate Governance Guidelines, the Board is required to act on any such recommendation from the Corporate Governance Committee and the Board shall nominate for election or re-election as director only candidates who agree to tender, promptly following such person's failure to receive the required vote for election or re-election at the next meeting at which such person would face election or re-election, an irrevocable resignation that will be effective upon Board acceptance of such resignation.

Proposal 2 Equity Incentive Plan Proposal: Approval of the PHH Corporation 2014 Equity and Incentive Plan, including the performance goals established under the plan for purposes of compliance with Section 162(m) of the Internal Revenue Code of 1986, as amended, requires the affirmative vote of a majority of the votes cast on the proposal by stockholders of record as of the record date that are present, in person or by proxy, at a meeting of stockholders at which a quorum is present. Under applicable Maryland law, abstentions will be taken into account for the purpose of determining whether a quorum is present at the meeting, but will not be counted as votes cast or shares voting on the proposal and will have no effect on the outcome of the vote.

Proposal 3 Ratification of Auditors Proposal: Approval of the ratification of Deloitte & Touche LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2014 requires the affirmative vote of a majority of the votes cast on the proposal by stockholders of record as of the record date that are present, in person or by proxy, at a meeting of stockholders at which a quorum is present. Under applicable Maryland law, abstentions will be taken into account for the purpose of determining whether a quorum is present at the meeting, but will not be counted as votes cast or shares voting on the proposal and will have no effect on the outcome of the vote.

Proposal 4 Say on Pay Vote: Approval of the advisory resolution approving compensation of our named executive officers as disclosed pursuant to Item 402 of Regulation S-K, requires the affirmative vote of a majority of the votes cast on the proposal by stockholders of record as of the record date that are present, in person or by proxy, at a meeting of stockholders at which a quorum is present. Under applicable Maryland law, abstentions and broker non-votes, if any, will be taken into account for the purpose of determining whether a quorum is present at the meeting, but will not be counted as votes cast or shares voting on the proposal and will have no effect on the outcome of the vote. Although the Say on Pay Vote is only advisory in nature and is not binding on the Board or the Company, we intend to review the voting results with the Board and the Human Capital and Compensation Committee of the Board so that such voting results may be taken into consideration in connection with future executive compensation decisions.

Other business: All other business that may properly come before the Annual Meeting requires the affirmative vote of a majority of the votes cast on the proposal by stockholders of record as of the record date that are present, in person or by proxy, at a meeting of stockholders at which a quorum is present. Under applicable Maryland law, abstentions and broker non-votes, if any, will not be counted as votes cast or shares voting on the proposal and, therefore, will have no effect on the outcome of the vote, although abstentions and broker non-votes will be taken into account for the purpose of determining whether a quorum is present at the meeting.

What is a broker non-vote?

Generally, a broker non-vote occurs when shares held by a bank, broker or other nominee for a beneficial owner are not voted with respect to a particular proposal because (i) the nominee has not received voting instructions from the beneficial owner and (ii) the nominee lacks discretionary voting

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power to vote such shares. Under the rules of the New York Stock Exchange (the "NYSE"), a nominee does not have discretionary voting power with respect to "non-routine" matters.

"Non-routine" matters under the NYSE's rules include director elections, whether contested or uncontested, and votes concerning executive compensation and certain corporate governance proposals. As a result, your bank, broker or other nominee may only vote your shares on "non-routine" matters if you have provided your bank, broker or other nominee with specific voting instructions.

Thus, if your shares are held in "street name" and you do not provide instructions as to how your shares are to be voted on "non-routine" matters, your bank, broker or other nominee will not be able to vote your shares on your behalf and your shares will be reported as "broker non-votes." For matters that are still considered "routine" under the NYSE's rules (e.g., ratification of auditors), your bank, broker or other nominee may continue to exercise discretionary voting authority and may vote your shares on your behalf for such routine matters even if you fail to provide your bank, broker or other nominee with specific voting instructions as to how you would like your shares voted on such routine matters.

We urge you to provide instructions to your bank, broker or other nominee so that your votes may be counted for each proposal to be voted upon. You should vote your shares by following the instructions provided on the vote instruction form that you receive from your bank, broker or other nominee.

How do I vote?

You can vote in person or by valid proxy received by telephone, via the Internet or by mail. We urge you to vote by doing one of the following:

Vote by Telephone: You can vote your shares by calling the toll-free number indicated on your proxy card using a touch-tone telephone 24 hours a day. Easy-to-follow voice prompts enable you to vote your shares and confirm that your voting instructions have been properly recorded. If you are a beneficial owner, or you hold your shares in "street name," please check your vote instruction form or contact your bank, broker or other nominee to determine whether you will be able to vote by telephone.

Vote by Internet: You can also vote via the Internet by following the instructions on your proxy card. The website address for Internet voting is indicated on your proxy card. Internet voting is also available 24 hours per day. If you are a beneficial owner, or you hold your shares in "street name," please check your vote instruction form or contact your bank, broker or other nominee to determine whether you will be able to vote via the Internet.

Vote by Mail: If you choose to vote by mail, complete, sign, date and return your proxy card in the postage-paid envelope provided. Please promptly mail your proxy card to ensure that it is received on or before May 21, 2014.

The deadline for voting by telephone or electronically through the Internet is 11:59 p.m. EDT on May 21, 2014.

Can I change my vote?

Yes. A proxy may be revoked at any time prior to the voting at the Annual Meeting by submitting a later dated proxy (including a proxy authorization submitted by telephone or electronically through the Internet prior to the deadline for voting by telephone or the Internet), by giving timely written notice of such revocation to our Corporate Secretary in advance of the Annual Meeting or by attending the Annual Meeting and voting in person. If you have shares held by a bank, broker or other nominee or in "street name," you may change your vote by submitting a later dated voting instruction form to your broker, bank or other nominee or fiduciary, or if you obtained a legal proxy from your broker, bank nominee or fiduciary giving you the right to vote your shares, by attending the Annual Meeting and voting in person.

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Could other matters be decided at the Annual Meeting?

The Board does not intend to bring any matter before the Annual Meeting other than those described in this Proxy Statement. If any other matters properly come before the Annual Meeting, the persons named in the enclosed proxy card, or their duly appointed substitutes acting at the Annual Meeting, will be authorized to vote or otherwise act in respect of any such matters in their discretion.

What if I vote for some but not all of the proposals?

Shares of our common stock represented by proxies received by us (whether received through the return of the enclosed proxy card or received via telephone or the Internet) where the stockholder has provided voting instructions with respect to the proposals described in this Proxy Statement, including the Director Election Proposal, the Equity Incentive Plan Proposal, the Ratification of Auditors Proposal, and the Say on Pay Vote will be voted in accordance with the voting instructions so made. If your proxy card is properly executed and returned but does not contain voting instructions as to one or more of the proposals to be voted upon at the Annual Meeting, or if you give your proxy by telephone or via the Internet without indicating how you want to vote on each of the proposals to be voted upon at the Annual Meeting, your shares will be voted:

FOR the Director Election Proposal;

FOR the Equity Incentive Plan Proposal;

FOR the Ratification of Auditors Proposal;

FOR the Say on Pay Vote; and

At the discretion of the persons named in the enclosed proxy card, on any other matter that may properly come before the Annual Meeting or any adjournment or postponement of the Annual Meeting.

If your shares are held in street name and you do not properly instruct your bank, broker or other nominee how to vote your shares, your bank, broker or other nominee may either use its discretion to vote your shares on matters deemed "routine" by the NYSE or may not vote your shares. For any matters deemed "non-routine" by the NYSE, your bank, broker or other nominee would not be able to vote your shares on such matters. We encourage you to provide instructions to your bank, broker or other nominee by carefully following the instructions provided to ensure that your shares are voted at the Annual Meeting in accordance with your desires.

Who will pay for the cost of this proxy solicitation?

We will pay the cost of soliciting proxies on behalf of our Board. Our directors, officers and employees may solicit proxies on our behalf in person or by telephone, facsimile or electronically through the Internet, as described above. We have engaged Broadridge Financial Solutions, Inc. ("Broadridge") to assist us in the distribution and solicitation of proxies. We will also reimburse brokerage firms and other custodians, nominees and fiduciaries for their expenses incurred in sending our proxy materials to beneficial owners of our common stock as of the record date.

Who will count and certify the vote?

Representatives of Broadridge will count the votes and certify the voting results. The voting results are expected to be published in a Current Report on Form 8-K filed with the SEC within four business days following the conclusion of the Annual Meeting.

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How can I access the proxy materials and 2013 Annual Report electronically?

Copies of the Notice of 2014 Annual Meeting, Proxy Statement and 2013 Annual Report, as well as other materials filed by us with the SEC, are available without charge to stockholders on our corporate website at www.phh.com or upon written request to PHH Corporation, Attention: Investor Relations, 3000 Leadenhall Road, Mt. Laurel, New Jersey 08054. You can elect to receive future annual reports, proxy statements and other proxy materials electronically by marking the appropriate box on your proxy card or vote instruction form or by following the instructions provided if you vote by telephone or via the Internet.

Copies of our Corporate Governance Guidelines, Independence Standards for Directors, Code of Business Ethics and Conduct, Code of Ethics for Chief Executive Officer and Senior Financial Officers, and the charters of each standing committee of our Board, including our Audit Committee, Human Capital and Compensation Committee, Corporate Governance Committee, Finance and Risk Management Committee, and Regulatory Oversight Committee are also available without charge to stockholders on our corporate website at www.phh.com or upon written request to PHH Corporation, Attention: Investor Relations, 3000 Leadenhall Road, Mt. Laurel, New Jersey 08054.

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PROPOSAL 1 DIRECTOR ELECTION PROPOSAL

The Board has nominated for election as directors at the Annual Meeting Ms. Jane D. Carlin, Mr. James O. Egan, Mr. Thomas P. Gibbons, Mr. Allan Z. Loren, Mr. Glen A. Messina, Mr. Gregory J. Parseghian, Mr. Charles P. Pizzi, Ms. Deborah M. Reif and Mr. Carroll R. Wetzel, Jr., each to serve until the 2015 Annual Meeting of Stockholders and until their respective successors are duly elected and qualified, or until their earlier death, retirement or resignation. Each nominee has consented to being named in this Proxy Statement and to serve if elected. Shares of our common stock represented by duly authorized proxies will be voted **FOR** the foregoing nominees or any substitute nominee or nominees designated by the Board if, prior to the Annual Meeting, any nominee should become unable to serve, unless the Board determines to reduce the total number of directors in accordance with our Articles of Amendment and Restatement, as amended through June 12, 2013 (the "Charter"), and Amended and Restated By-Laws, as amended through December 5, 2013 (the "By-Laws").

THE BOARD RECOMMENDS A VOTE "FOR" THE ELECTION OF EACH DIRECTOR NOMINATED BY THE BOARD. UNLESS MARKED TO THE CONTRARY, VALID PROXIES RECEIVED BY US WILL BE VOTED "FOR" THE ELECTION OF EACH DIRECTOR NOMINATED BY THE BOARD.

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BOARD OF DIRECTORS

During 2013, our Board held nineteen meetings. Each incumbent director and director nominee attended at least 75% of the meetings held by the Board during the period in which each such director served as a member of the Board. All directors are expected to attend Board meetings, meetings of the Committees upon which they serve and meetings of our stockholders absent exceptional cause. Except for Mr. Allan Z. Loren, all of our directors that were serving as directors on June 12, 2013, attended the 2013 Annual Meeting of Stockholders held on June 12, 2013.

Nominees to Serve as Directors Term Expires in 2015

Jane D. Carlin, 58, has served as a director since September 27, 2012. Ms. Carlin currently serves as President of Carlin Consulting, LLC and as a director of Astoria Financial Corporation and its wholly owned subsidiary, Astoria Federal Savings and Loan Association. Ms. Carlin previously served as a Managing Director and Global Head of Operational Risk, Business Continuity Planning, Information Security and New Product Approvals of the Morgan Stanley Group from 2006 until 2012. Ms. Carlin also served as Chairperson of the Financial Services Sector Coordinating Counsel for Critical Infrastructure Protection and Homeland Security from 2010 until 2012 and as Vice Chair from 2009 until 2010. From 2003 to 2006, she was with Credit Suisse Group as Managing Director and Global Head of Credit Suisse's Operational Risk Oversight Department. From 1987 until 2003, Ms. Carlin held a series of progressively responsible positions at the Morgan Stanley Group, including Managing Director, Deputy General Counsel and Head of Legal for Global Sales and Trading. Ms. Carlin's investment banking and financial services industry experience led to a conclusion that it is appropriate that she be nominated to stand for re-election as a director.

James O. Egan, 65, serves as our Non-Executive Chairman of the Board and has served as a director since March 30, 2009. Mr. Egan served as a Managing Director of Investcorp International, Inc., an alternative asset management firm specializing in private equity, hedge fund offerings and real estate and technology investments, from 1998 through 2008. Mr. Egan was the partner-in-charge, M&A Practice, U.S. Northeast Region for KPMG LLP from 1997 to 1998 and served as the Senior Vice President and Chief Financial Officer of Riverwood International, Inc. from 1996 to 1997. Mr. Egan began his career with PricewaterhouseCoopers (formerly Coopers & Lybrand) in 1971 and served as partner from 1982 to 1996 and a member of the Board of Partners from 1995 to 1996. Mr. Egan possesses over forty years of business experience involving companies of varying sizes from start-ups to Fortune 500 public companies operating across numerous industries, including twenty-five years of public accounting experience having served as lead audit partner involved in the audits of annual financial statements of numerous public companies. He also has ten years of private equity experience working with portfolio companies in the US and Europe to create shareholder value. Mr. Egan also currently serves as a director of New York & Company, Inc. and privately-held Victor Technologies Group, Inc.. Mr. Egan's broad business, strategic, operational, financial, M&A and private equity experience led to a conclusion that it is appropriate that he be nominated to stand for re-election as a director.

Thomas P. Gibbons, 57, has served as a director since July 1, 2011. Mr. Gibbons currently serves as a Vice Chairman and Chief Financial Officer of The Bank of New York Mellon Corporation and BNY Mellon, N.A. Mr. Gibbons served as Chief Risk Officer of BNY Mellon from July 2007 to July 2008. Prior to the merger of The Bank of New York with Mellon Financial Corporation, Mr. Gibbons served as Senior Executive Vice President and Chief Financial Officer of The Bank of New York Company, Inc. from September 2006 until June 2007, and in various other capacities at The Bank of New York Company, Inc. since 1986. Mr. Gibbons currently serves on the Board of Managers of ConvergeX Holdings, LLC and is on the advisory board of Wake Forest University's Business School. Mr. Gibbons' senior financial

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management and leadership experience in the financial services industry led to a conclusion that it is appropriate that he be nominated to stand for re-election as a director.

Allan Z. Loren, 75, has served as a director since June 10, 2009. Mr. Loren currently serves as an Executive Coach to chief executive officers. He served as both Chairman and Chief Executive Officer of Dun & Bradstreet from 2000 through 2004 and as Chairman in 2005. Prior to joining Dun & Bradstreet, he served as Executive Vice President and Chief Information Officer of American Express from 1994 to 2000, as President and Chief Executive Officer of Galileo International from 1991 to 1994, as President of Apple Computer USA from 1988 to 1990, and as Chief Information Officer of Apple Computer from 1987 to 1988. Mr. Loren was also the Chief Administrative Officer and Chief Information Officer of Cigna from 1979 to 1987 and 1971 to 1987, respectively. He currently serves as a trustee on the Board of Trustees of Queens College, City University of New York. Mr. Loren previously served on the board of directors of Iron Mountain Inc., Fair Isaac Corporation, Hershey Foods, Reynolds & Reynolds, U.S. Cellular, and Venator Group (currently known as Foot Locker, Inc.). Mr. Loren's operational, technological, executive coaching and leadership experience, including experience leading transformational change, led to a conclusion that it is appropriate that he be nominated to stand for re-election as a director. In accordance with our Corporate Governance Guidelines, the Corporate Governance Committee of the Board has determined to waive the mandatory retirement age policy for Mr. Loren which would have otherwise required Mr. Loren to retire from the Board due to his age.

Glen A. Messina, 52, has served as a director and as President and Chief Executive Officer since January 3, 2012. Mr. Messina served as our Chief Operating Officer from July 2011 to December 2011. Prior to joining PHH, Mr. Messina spent 17 years at General Electric Company ("GE") most recently as Chief Executive Officer of GE Chemical and Monitoring Solutions, a global water and process specialty chemicals services business, from 2008 until July 2011. Previously, Mr. Messina served as Chief Financial Officer of GE Water and Process Technologies from 2007 to 2008 and Chief Financial Officer of GE Equipment Services from 2002 to 2007. Prior thereto, Mr. Messina served in various other senior level positions at GE including, at GE Capital Mortgage Corporation, Chief Executive Officer from 1998 to 2000 and Chief Financial Officer from 1996 to 1998. Mr. Messina's position as our President and Chief Executive Officer and his operational and leadership experience led to a conclusion that it is appropriate that he be nominated to stand for re-election as a director.

Gregory J. Parseghian, 53, has served as a director since June 10, 2009. Mr. Parseghian is currently a private investor and, from September 2007 through December 2008, served as Director of Research for Brahman Capital. He has substantial experience in the financial and mortgage industries, having served in executive positions at First Boston Corp., BlackRock Financial Management and Salomon Brothers from 1982 through 1995. In 1996, Mr. Parseghian became Chief Investment Officer of Freddie Mac and served in that position until June 2003 at which time he was promoted by Freddie Mac's board of directors to serve as Chief Executive Officer until December 2003. He previously served on the board of directors of the Armenian Church Endowment Fund and The Langley School, both of which are non-profit organizations, and Everquest Financial, Ltd., a specialty finance holding company. Mr. Parseghian has had over twenty-five years of progressively increasing responsibility in the areas of investment banking, investment management and risk management. His background includes substantial involvement in the analysis, securitization and management of mortgage-backed securities. Mr. Parseghian's mortgage industry and risk management experience led to a conclusion that it is appropriate that he be nominated to stand for re-election as a director.

Charles P. Pizzi, 63, has served as a director since January 26, 2012. Mr. Pizzi was a member of the Board of Directors of the Federal Reserve Bank of Philadelphia from 2006 through 2011 and served as its Chairman from 2010 through 2011. He served as the President and Chief Executive Officer of Tasty Baking Company from 2002 until its merger with Flowers Foods, Inc. in 2011. From 1989 to 2002, Mr. Pizzi was the President and Chief Executive Officer of the Greater Philadelphia Chamber of Commerce. Mr. Pizzi currently serves on the boards of Brandywine Realty Trust, AlliedBarton Security Services LLC,

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Independence Blue Cross, Pennsylvania Real Estate Investment Trust and FS Energy and Power Fund. Mr. Pizzi holds a B.S. in Business Administration from LaSalle University and an M.S. from the University of Pennsylvania. Mr. Pizzi's operational and leadership experience, including experience leading transformational change, led to a conclusion that it is appropriate that he be nominated to stand for re-election as a director.

Deborah M. Reif, 61, has served as a director since April 1, 2010. Ms. Reif served most recently as Chief Executive Officer and President of the Equipment Services division of General Electric Company, a global transportation equipment enterprise, from 2006 through 2009 with responsibility for a global operating lease portfolio and a supply chain service strategy. From 2005 to 2006, Ms. Reif served as President of Digital Media of NBC Universal where she led the transformation of that operation to a digital business model. Prior to that, Ms. Reif served as Executive Vice President of Financial Structuring for NBC Universal where she led the assessment and restructuring of the Universal Theme Park portfolio from 2004 through 2005. From 2001 through 2004, she served as Chairman and Chief Executive Officer of Financial Guaranty Insurance Company and earlier in her career, in various risk roles of increasing scope and importance with GE Capital from 1971 through 2001. Ms. Reif's financial, risk management and relevant operational experience and leadership roles within a large, publicly-traded global enterprise led to a conclusion that it is appropriate that she be nominated to stand for re-election as a director.

Carroll R. Wetzel, Jr., 70, has served as a director since January 1, 2010. Mr. Wetzel also serves as a director of Exide Technologies, Inc. He previously served as Vice Chairman and lead director at Arch Wireless from 2001 through 2002; as non-executive Chairman of the Board of Directors of Safety Components International from 2000-2005; as a director of Laidlaw International, Inc. from 2004 to 2007; as a director of Brink's Home Security Holdings, Inc. from 2008-2010; and as a director of The Brink's Company during 2008. Before that, he spent approximately 20 years working in investment banking and corporate finance. From 1988 to 1996, Mr. Wetzel served as head of the Merger and Acquisition Group at Chemical Bank and following its merger with Chase Manhattan Bank as co-head of the Merger and Acquisition Group and also previously served as a corporate finance officer at Dillon Read & Co., Inc. and Smith Barney. Mr. Wetzel's investment banking and financial services industry experience and his past service as a member of several other public company Board's led to a conclusion that it is appropriate that he be nominated to stand for re-election as a director.

Directors Not Standing for Re-Election

Jon A. Boscia, 61, has served as a director since September 27, 2012, and his term as a director will end effective with his retirement from the Board immediately prior to the commencement of the Annual Meeting. Mr. Boscia currently serves as the President and Chief Executive Officer of Boardroom Advisors, LLC, a corporate governance consulting business based in Bala Cynwyd, Pennsylvania. From 2008 until his retirement in 2011, Mr. Boscia was President of Sun Life Financial, Inc. Beginning in 1983, Mr. Boscia held a series of increasingly responsible positions with Lincoln National Corporation, ultimately serving as Chief Executive Officer from 1998 to 2007. Mr. Boscia currently serves as a member of the Board of Directors and Chair of the Audit Committee of The Southern Company (NYSE:SO), and has served the company since 2007. Mr. Boscia was a member of the Board of Directors of Lincoln National Corporation from 1998 until 2007, serving as Chairman from 2001 through 2007. Mr. Boscia previously served on the Board of Directors of Sun Life Financial (2011 to 2013), Armstrong World Industries, Inc. (2008 to 2010), Hershey Foods Corporation (2001 to 2007), and Georgia-Pacific Corporation (2005).

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Independence of the Board of Directors

Under the rules of the NYSE and the SEC, our Board is required to affirmatively determine which directors are independent and to disclose such determination in our annual report to stockholders and in our proxy statement for each annual meeting of stockholders. Our Board has reviewed each director's relationships with us in conjunction with our previously adopted categorical Independence Standards for Directors (the "Independence Standards") and Section 303A of the NYSE's Listed Company Manual (the "NYSE Listing Standards"). A copy of our categorical Independence Standards is available on our corporate website at www.phh.com under the heading "Investor Relations Corporate Governance." A copy of our Independence Standards is also available to stockholders upon request, addressed to the Corporate Secretary at 3000 Leadenhall Road, Mt. Laurel, New Jersey, 08054. Based on the Board's review, our Board has affirmatively determined that each of our current non-employee directors and director nominees is independent within the meaning of our categorical Independence Standards and the NYSE Listing Standards and has no material relationship with us or any of our subsidiaries, either directly or as a partner, stockholder or officer of an organization that has a relationship with us. Our Board has also determined that Mr. Messina, who serves as a director and our Chief Executive Officer, is not an independent director. Accordingly, 90% of our current incumbent directors and 89% of our director nominees standing for election at the Annual Meeting, in each case representing more than two-thirds of our directors as required by our Corporate Governance Guidelines, are independent.

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COMMITTEES OF THE BOARD

The Board has a standing Audit Committee, Human Capital and Compensation Committee, Corporate Governance Committee, Finance and Risk Management Committee, and Regulatory Oversight Committee. Each such committee consists solely of directors who have been affirmatively determined to be "independent" within the meaning of the NYSE Listing Standards and our Independence Standards. Each such committee operates pursuant to a written charter and a copy of each committee's charter is available on our corporate website at www.phh.com under the heading "Investor Relations Corporate Governance." A copy of each committee's charter is also available to stockholders upon request, addressed to the Corporate Secretary at 3000 Leadenhall Road, Mt. Laurel, New Jersey, 08054.

Audit Committee

The Audit Committee assists our Board in the oversight of the integrity of our financial statements, our independent registered public accounting firm's qualifications and independence, the performance of our independent registered public accounting firm and our internal audit function, and our compliance with legal and regulatory requirements. The Audit Committee is a separately-designated standing audit committee established in accordance with Section 3(a)(58)(A) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). The Audit Committee also oversees our corporate accounting and reporting practices by:

meeting with our financial management and independent registered public accounting firm to review and discuss our financial statements, quarterly earnings releases and financial data, and internal controls over financial reporting;

appointing and pre-approving all services provided by the independent registered public accounting firm that will audit our financial statements;

reviewing the internal audit plan; and

reviewing the scope, procedures and results of our audits.

The Audit Committee is currently comprised of Ms. Carlin and Messrs. Boscia (Chair), Gibbons and Parseghian. Immediately following the Annual Meeting, the Audit Committee is intended to be comprised of Ms. Carlin and Messrs. Egan, Gibbons, Parseghian and Wetzel (Chair). Our Board has determined that Messrs. Boscia, Egan and Gibbons qualify as "audit committee financial experts" within the meaning of applicable SEC rules and are independent directors under the Independence Standards and the NYSE Listing Standards. During 2013, the Audit Committee met fourteen times and each incumbent member of the Audit Committee attended at least 75% of the meetings held by the Audit Committee during the period in which each such member served as a member of the Audit Committee.

Human Capital and Compensation Committee

The Human Capital and Compensation Committee determines and approves all elements of compensation for our senior management and our Chief Executive Officer, whose compensation is further subject to final approval by the Board; reviews and approves our compensation strategy, including the elements of total compensation for senior management; reviews and approves the annual bonus and long-term bonus incentive plans, and reviews and grants equity awards for our employees. The Human Capital and Compensation Committee also assists us in reviewing and approving our stated compensation philosophy and strategy for all employees, and developing compensation and benefit strategies to attract, develop and retain qualified employees. See "Executive Compensation" for additional information regarding the process for the determination and consideration of executive compensation. The Human Capital and Compensation Committee is also responsible for reviewing and recommending to the Board the compensation of our non-employee directors. The Human Capital and Compensation Committee is currently comprised of Ms. Reif (Chair) and Messrs. Egan, Pizzi and Wetzel. During 2013, the Human

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Capital and Compensation Committee met nineteen times and each incumbent member of the Human Capital and Compensation Committee attended at least 75% of the meetings held by the Human Capital and Compensation Committee during the period in which each such member served as a member of the Human Capital and Compensation Committee.

Corporate Governance Committee

The Corporate Governance Committee's responsibilities with respect to its governance function include considering matters of corporate governance and reviewing and revising our Corporate Governance Guidelines, Code of Business Ethics and Conduct, and Code of Ethics for Chief Executive Officer and Senior Financial Officers. The Corporate Governance Committee identifies, evaluates and recommends nominees for our Board for each annual meeting (see "Corporate Governance Nomination Process and Qualifications for Director Nominees" below); evaluates the composition, organization and governance of our Board and its committees, and develops and recommends corporate governance principles and policies applicable to us. The Corporate Governance Committee is currently comprised of Messrs. Wetzel (Chair), Egan, Loren and Pizzi. Immediately following the Annual Meeting, the Corporate Governance Committee is intended to be comprised of Messrs. Egan, Loren and Pizzi (Chair). During 2013, the Corporate Governance Committee met eight times and each incumbent member of the Corporate Governance Committee attended at least 75% of the meetings held by the Corporate Governance Committee during the period in which each such member served as a member of the Corporate Governance Committee.

Finance and Risk Management Committee

The Finance and Risk Management Committee assists our Board in fulfilling its oversight responsibilities with respect to the assessment of our overall capital structure and its impact on the generation of appropriate risk adjusted returns, as well as the existence, operation and effectiveness of our risk management programs, policies and practices. The Finance and Risk Management Committee is currently comprised of Messrs. Parseghian (Chair), Gibbons, Wetzel and Ms. Carlin and Ms. Reif. Immediately following the Annual Meeting, the Finance and Risk Management Committee is intended to be comprised of Ms. Carlin and Messrs. Gibbons, Parseghian (Chair) and Reif. During 2013, the Finance and Risk Management Committee met eight times and each incumbent member of the Finance and Risk Management Committee attended at least 75% of the meetings held by the Finance and Risk Management Committee during the period in which each such member served as a member of the Finance and Risk Management Committee.

Regulatory Oversight Committee

The Regulatory Oversight Committee was formed on February 26, 2013 to assist the Board, the Audit Committee and other Board Committees, as determined by the Board from time to time, with the oversight of any significant regulatory or compliance matter in which our regulators have requested or expect direct Board oversight, as well as to assist our Board in fulfilling its oversight responsibilities with the identification, review and reporting of significant issues with respect to our Compliance Management System. The Regulatory Oversight Committee is currently comprised of Ms. Carlin (Chair) and Messrs. Boscia and Parseghian. Immediately following the Annual Meeting, the Regulatory Oversight Committee is intended to be comprised of Ms. Carlin (Chair) and Messrs. Parseghian and Pizzi. During 2013, the Regulatory Oversight Committee met fourteen times and each incumbent member of the Regulatory Oversight Committee attended at least 75% of the meetings held by the Regulatory Oversight Committee during the period in which each such member served as a member of the Regulatory Oversight Committee.

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CORPORATE GOVERNANCE

Board of Directors' Role in Risk Oversight

Our business and affairs are managed under the direction of the Board in accordance with our By-Laws. The role of the Board is one of oversight, including as to matters relating to risk management. Our management is responsible for managing our day-to-day operations and affairs, including the development and implementation of systems and processes to identify and monitor our risks and policies and procedures to ensure that risks undertaken by us are consistent with our business objectives and risk tolerances. To assist it in fulfilling its oversight function, the Board has established five standing committees comprised of the Audit Committee, the Human Capital and Compensation Committee, the Corporate Governance Committee, the Finance and Risk Management Committee and the Regulatory Oversight Committee. Each standing committee regularly reports to the Board and is responsible for oversight in connection with actions taken by such committee consistent with the exercise of fiduciary duties by the directors serving on such committee. Our risk management process is intended to ensure that our risks are undertaken knowingly and purposefully.

As noted above, the primary purpose of the Finance and Risk Management Committee is to assist the Board in fulfilling its oversight responsibilities with respect to the assessment of our overall capital structure and its impact on the generation of appropriate risk adjusted returns, as well as the existence, operation and effectiveness of our risk management programs, policies and practices, among other things. The Finance and Risk Management Committee regularly discusses with our management, including, among others, our Chief Executive Officer, Chief Financial Officer, Chief Risk Officer and Treasurer, the risks we face and management's plans and initiatives undertaken to mitigate such risks.

The Audit Committee charter provides that the Audit Committee is responsible for discussing our guidelines and policies governing the process by which we undertake risk assessment and risk management, including our major financial risk exposures and the steps our management has taken to monitor and control such exposures. Further, as part of our periodic reporting process, management reviews with the Audit Committee our disclosure process and the disclosures contained in our periodic reports filed with the SEC, including disclosure concerning our risk factors.

The Human Capital and Compensation Committee has focused on aligning our compensation policies with our long-term interests and avoiding short-term rewards for management decisions that could pose long-term risks to us as described in more detail below under "Executive Compensation." The Board's compensation risk governance includes the Human Capital and Compensation Committee consulting with the Board's Audit Committee and Finance and Risk Management Committee around compensation and risk. The Finance and Risk Management Committee reviews the risk factors each year, and reviews program changes for these factors, consistent with its Charter.

Board Leadership Structure

Since 2005, our Chairman of the Board has been an independent, non-employee director. The Chairman of the Board is elected by a majority vote of the directors. Currently, James O. Egan serves as our non-executive Chairman of the Board, a position he has held since June 17, 2009. Mr. Egan has served as a director since March 30, 2009. Mr. Egan previously served as Chair of the Audit Committee of the Board and currently serves as a member of the Corporate Governance Committee and Human Capital and Compensation Committee of the Board. Immediately following the Annual Meeting, it is intended that Mr. Egan will serve as a member of the Audit Committee, Corporate Governance Committee and Human Capital and Compensation Committee of the Board.

In his capacity as non-executive Chairman of the Board, Mr. Egan leads all meetings of our Board at which he is present, but does not serve as an employee or corporate officer. The non-executive Chairman of the Board serves on appropriate committees as requested by the Board, sets meeting schedules and

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agendas and manages information flow to the Board to assure appropriate understanding of, and discussion regarding matters of interest or concern to the Board. The non-executive Chairman of the Board also has such additional powers and performs such additional duties consistent with organizing and leading the actions of the Board as the Board may from time-to-time prescribe.

The decision to separate the positions of Chairman of the Board and Chief Executive Officer was made at the time of our spin-off in early 2005. Although the Board does not currently have a policy requiring that the positions of Chairman of the Board and Chief Executive Officer be separated, the Board continues to believe that it is appropriate for the Chairman of the Board to be an independent, non-employee director to ensure that the Board operates independently of management in the fulfillment of its oversight function and that the matters presented for consideration by the Board and its committees reflect matters of key importance to us and our stockholders as determined by the independent directors.

Executive Sessions of Non-Management Directors

Executive sessions of non-management directors are held regularly by the Board and its Committees without management present to discuss the criteria upon which the performance of the Chief Executive Officer and other senior executives is based, the performance of the Chief Executive Officer and other senior executives against such criteria, the compensation of the Chief Executive Officer and other senior executives and any other relevant matters. Our Board has designated Mr. Egan, our non-executive Chairman of the Board and Chairman of the Audit Committee, as the presiding director of executive sessions of the non-management directors of the Board.

Corporate Governance Guidelines

The Board has adopted Corporate Governance Guidelines to assist the Board in monitoring the effectiveness of decision-making, both at the Board and management levels and to enhance long-term stockholder value. The Corporate Governance Guidelines outline the following:

the responsibilities of the Board;

the composition of the Board, including the requirement that two-thirds of the directors be independent within the meaning of the NYSE Listing Standards;

Director duties, tenure, retirement and succession;

conduct of Board and Committee meetings; and

the selection and evaluation of the Chief Executive Officer.

Our Corporate Governance Guidelines are available on our corporate website at www.phh.com under the heading "Investor Relations Corporate Governance." A copy of our Corporate Governance Guidelines is also available to stockholders upon request, addressed to the Corporate Secretary at 3000 Leadenhall Road, Mt. Laurel, New Jersey, 08054.

Code of Business Ethics and Conduct

We are committed to conducting business ethically and in compliance with applicable laws, rules and regulations. In furtherance of this commitment, we promote ethical behavior and have adopted a Code of Business Ethics and Conduct (the "Code of Conduct") that is applicable to all of our directors, officers and employees. The Code of Conduct provides, among other things:

guidelines for our directors, officers and employees with respect to ethical handling of conflicts of interest, including special procedures covering related party transactions between us and members of our Management Operating Committee or directors and their families, examples of the most common types of conflicts of interest that require disclosure (e.g., personal or family relationships)

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with suppliers, vendors or contractors or a directors' service on other boards of directors) or that should be avoided altogether (e.g., receipt of improper personal benefits, having an ownership interest in other businesses that may compromise an officer's loyalty to us, obtaining outside employment with a competitor of ours, etc.);

restrictions on competition between us and our directors, officers and employees and the protection of all our proprietary and personal and confidential information in our possession;

a set of standards to promote full, fair, accurate, timely and understandable disclosure in periodic reports required to be filed by us, including, for example, a specific requirement that all financial records must be maintained accurately and in accordance with appropriate controls;

a requirement to comply with all applicable laws, rules and regulations;

restrictions on insider trading by our directors, officers and employees;

guidance providing resources for compliance with the Code of Conduct and promoting prompt internal communication of any suspected violations of the Code of Conduct to the appropriate person or persons identified in the Code of Conduct, including information regarding our toll-free and anonymous Integrity hotline and secure website and our commitment to non-retaliation for reporting suspected violations of the Code of Conduct in good faith; and

disciplinary measures for violations of the Code of Conduct and any other applicable rules and regulations.

The Code of Conduct is available on our corporate website at www.phh.com under the heading "Investor Relations Corporate Governance Code of Business Ethics and Conduct." We will post any amendments to the Code of Conduct, or waivers of its provisions with respect to our directors or executive officers, to our corporate website under the heading "Investor Relations Corporate Governance." A copy of the Code of Conduct is also available to stockholders upon request, addressed to the Corporate Secretary at 3000 Leadenhall Road, Mt. Laurel, New Jersey, 08054.

Code of Ethics for Chief Executive Officer and Senior Financial Officers

Our Board has also adopted a Code of Ethics for the Chief Executive Officer and Senior Financial Officers (the "Financial Officers Code") that is applicable to our Chief Executive Officer, our Chief Financial Officer, Chief Accounting Officer, Treasurer, Controller and other persons performing similar functions (the "Covered Officers"). The Financial Officers Code provides, among other things:

guidelines for our Covered Officers with respect to ethical handling of conflicts of interest, including procedures for handling any actual or apparent conflicts of interests;

a set of standards to promote full, fair, accurate, timely and understandable disclosure in periodic reports required to be filed by us, including, for example, a specific prohibition from misrepresenting, omitting or causing others to misrepresent or omit material facts about us in our financial reporting and disclosure process;

a requirement to comply with all applicable laws, rules and regulations;

guidance promoting prompt internal communication of any violations, whether actual or probable, of the Financial Officers Code to the Chief Ethics and Compliance Officer; and

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disciplinary measures for violations of the Code of Conduct or failure to adhere to the Financial Officers Code.

The Financial Officers Code is available on our corporate website at www.phh.com under the heading "Investor Relations Corporate Governance Code of Ethics for Chief Executive Officer and Senior Financial Officers." We will post any amendments to the Financial Officers Code, or waivers of its

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provisions for any of our executive officers, to our corporate website under the heading "Investor Relations Corporate Governance." A copy of the Financial Officers Code is also available to stockholders upon request, addressed to the Corporate Secretary at 3000 Leadenhall Road, Mt. Laurel, New Jersey, 08054.

Nomination Process and Qualifications for Director Nominees

The Board has established certain procedures and criteria for the selection of nominees for election to our Board. In accordance with such procedures and criteria as set forth in our Corporate Governance Guidelines, the Board seeks members from diverse professional and personal backgrounds who combine a broad spectrum of experience and expertise with a reputation for integrity. Pursuant to its charter, the Corporate Governance Committee is required to identify individuals qualified to become members of the Board, which shall be consistent with the Board's criteria for selecting new directors. In identifying possible director candidates, the Corporate Governance Committee considers recommendations of professional search firms, stockholders, and members of management or the Board. In evaluating possible director candidates, the Corporate Governance Committee, consistent with the Board's Corporate Governance Guidelines and its charter, considers criteria such as skills, experience, age, diversity, and availability to prepare, attend and participate in Board and Board Committee meetings, as well as personal qualities of leadership, character, judgment, and reputation for integrity and adherence to the highest ethical standards, so as to enhance the Board's ability to oversee in the interest of our stockholders our affairs and business, including, when applicable, to enhance the ability of Committees of the Board to fulfill their duties and/or to satisfy any independence requirements imposed by law, regulation or NYSE requirement. In considering diversity, in particular, the Corporate Governance Committee considers general principles of diversity in the broadest sense. The Corporate Governance Committee seeks to recommend the nomination of directors who represent different qualities and attributes and a mix of professional and personal backgrounds and experiences that will enhance the quality of the Board's deliberations and oversight of our business. The Corporate Governance Committee is also responsible for conducting a review of the credentials of individuals it wishes to recommend to the Board as a director nominee, recommending director nominees to the Board for submission for a stockholder vote at either an annual meeting of stockholders or at any special meeting of stockholders called for the purpose of electing directors, reviewing the suitability for continued service as a director of each Board member when his or her term expires and when he or she has a significant change in status, including but not limited to an employment change, and recommending whether such a director should be re-nominated to the Board or continue as a director. The Corporate Governance Committee's assessment of director nominees includes an examination of whether the individual is independent and whether the individual's service as a director may give rise to a conflict of interest, as well as consideration of diversity, age, skills and experience in the context of the needs of the Board. Additionally, the Corporate Governance Committee conducts a vetting process that generally includes, among other things, personal interviews, discussions with professional references, background and credit checks, and resume verification. When formulating its director nominee recommendations, the Corporate Governance Committee also considers the advice and recommendations from others as it deems appropriate.

Our By-Laws provide the procedure for stockholders to make director nominations either at any annual meeting of stockholders or at any special meeting of stockholders called for the purpose of electing directors. A stockholder who is both a stockholder of record on the date of notice as provided for in our By-Laws and on the record date for the determination of stockholders entitled to vote at such meeting and gives timely notice can nominate persons for election to our Board either for an annual meeting of stockholders or at any special meeting of stockholders called for the purpose of electing directors. The

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notice must be delivered to or mailed and received by the Corporate Secretary at 3000 Leadenhall Road, Mt. Laurel, New Jersey, 08054:

in the case of an annual meeting, not later than the close of business on the 90th day nor earlier than the close of business on the 120th day prior to the first anniversary of the preceding year's annual meeting; provided, however, that in the event that the date of the annual meeting is advanced by more than 30 days or delayed by more than 60 days after such anniversary date, notice by the stockholder must be so delivered not earlier than the close of business on the 90th day prior to the date of such annual meeting and not later than the close of business on the later of the 60th day prior to the date of such annual meeting or the tenth day following the day on which public announcement of the date of such annual meeting is first made, and

in the case of a special meeting of stockholders called for the purpose of electing directors, not later than the close of business on the tenth day following the day on which notice of the date of the special meeting was sent or public announcement of the date of the special meeting was made, whichever first occurs.

The stockholder's notice to our Corporate Secretary must be in writing and include the information set forth in Section 1.10 of our By-Laws. Such notice must be accompanied by a written consent to be named as a nominee and to serve as a director if elected signed by each person whom the stockholder proposes to nominate for election as a director. No person shall be eligible for election as a director unless nominated in accordance with the procedures set forth in our By-Laws. If the chairman of the meeting determines that a nomination was not made in accordance with the above-described procedures, the chairman of the meeting shall declare to the meeting that the nomination was defective and such defective nomination shall be disregarded. No adjournment or postponement of a meeting of stockholders shall commence a new period for the giving of notice of a stockholder proposal under our By-Laws.

Communication with Non-Management Directors

In accordance with our Corporate Governance Guidelines, all stockholder and interested party communications to any director, the non-management directors as a group or the Board shall be forwarded to the attention of the Chair of the Corporate Governance Committee, c/o the Corporate Secretary, 3000 Leadenhall Road, Mt. Laurel, New Jersey, 08054. The Corporate Secretary shall review all such stockholder and interested party communications and discard those which (i) are not related to our business or governance of our Company, (ii) are commercial solicitations which are not relevant to the Board's responsibilities and duties, (iii) pose a threat to health or safety or (iv) the Chair of the Corporate Governance Committee has otherwise instructed the Corporate Secretary not to forward. The Corporate Secretary will then forward all relevant stockholder and interested party communications to the Chair of the Corporate Governance Committee for review and dissemination.

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CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Review and Approval of Related Person Transactions

Pursuant to the Audit Committee's charter, the Audit Committee reviews and approves all transactions with related persons, including executive officers and directors, as described in Item 404(a) of Regulation S-K promulgated by the U.S. Securities and Exchange Commission. We review any relationships or transactions in which we and our directors or executive officers, or their immediate family members, are participants to determine whether these persons have a direct or indirect material interest. Our Code of Conduct and Financial Officers Code provide specific provisions regarding such relationships between our directors or executive officers and us. Our Code of Conduct requires that any relationship that appears to create a conflict of interest must be promptly disclosed to our General Counsel or the Chairman of the Corporate Governance Committee, who will refer the matter, if appropriate, to the Corporate Governance Committee for further review.

See "Corporate Governance Code of Business Ethics and Conduct "and "Corporate Governance Code of Ethics for Chief Executive Officer and Senior Financial Officers" above for more information.

Transactions with BlackRock, Inc.

On January 30, 2014, BlackRock, Inc. ("BlackRock") filed a Schedule 13G/A with the U.S. Securities and Exchange Commission disclosing that certain of its affiliates held, in the aggregate, approximately 5.9% of our common stock as of December 31, 2013. During the year ended December 31, 2013, we paid affiliates of BlackRock approximately \$1.7 million for various investment management and risk analytics products and services. During the year ending December 31, 2014, we expect to pay affiliates of BlackRock approximately \$170,000 for risk analytics products and services. All of our agreements with BlackRock's affiliates were made pursuant to arm's length transactions at prevailing market rates for the services or products rendered or delivered.

Transactions with BNY Mellon

Thomas P. Gibbons, who has served as one of our directors since July 1, 2011, is Vice Chairman and Chief Financial Officer of the Bank of New York Mellon Corporation, the Bank of New York Mellon, and BNY Mellon, N.A. (collectively, together with their respective affiliates, "BNY Mellon"). We have certain relationships and engage in various transactions with BNY Mellon, including financial services, commercial banking and other transactions. BNY Mellon participates as a lender in several of our credit facilities, functions as the custodian for loan files, and functions as the indenture trustee in respect of certain of our outstanding debt obligations. We also execute forward loan sales agreements and interest rate contracts with BNY Mellon. These transactions were entered into in the ordinary course of business upon terms, including interest rate and collateral, substantially the same as those prevailing at the time for comparable transactions. The fees paid by us to BNY Mellon, including interest expense, during the year ended December 31, 2013, aggregated approximately \$5.8 million, or less than 0.04% of BNY Mellon's gross revenues for the year ended December 31, 2013. Notwithstanding the foregoing, the Board has determined that Mr. Gibbons is an independent director within the meaning of our categorical Independence Standards and the NYSE Listing Standards and has no material relationship with us or any of our subsidiaries, either directly or as a partner, stockholder or officer of an organization that has a relationship with us.

Indemnification Agreements

We have entered into indemnification agreements with each of our directors and certain of our officers, including our President and Chief Executive Officer, Mr. Messina. Pursuant to such indemnification agreements, we have agreed to indemnify and advance expenses and costs incurred by each such director or officer in connection with any claims, suits or proceedings arising as a result of his or

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her service as a director or officer, to the maximum extent permitted by law, including third-party claims and proceedings brought by or in right of us.

Employment of Mr. George J. Kilroy's Immediate Family Member

Bradford C. Burgess, who serves as Vice President, Sales at PHH Arval, is the son-in-law of George J. Kilroy, our former Executive Vice President, Fleet. Mr. Burgess received total compensation, including base salary, commissions and bonus payments, of \$355,943 for 2013 and was eligible to participate in employee benefit plans available to employees generally on a non-discriminatory basis. Mr. Burgess' compensation and benefits were commensurate with other employees in comparable positions at PHH Arval. Mr. Kilroy was not involved in decisions with respect to Mr. Burgess' compensation or job performance, and procedures were established to limit Mr. Kilroy's access to such information.

Consumer Credit Loans in the Ordinary Course of Business

One or more of our mortgage lending subsidiaries has made, in the ordinary course of their respective consumer credit businesses, mortgage loans and/or home equity lines of credit to certain of our directors and executive officers or their immediate family members of types generally made available to the public by such mortgage lending subsidiaries. Such mortgage loans and/or home equity lines of credit were made on substantially the same terms, including interest rates and collateral requirements, as those prevailing at the time for comparable transactions with our other customers generally, and they did not involve more than the normal risk of collectability or present other unfavorable features. Generally, we sell these mortgage loans and/or home equity lines of credit, soon after origination, into the secondary market in the ordinary course of business.

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Our non-employee director compensation program aligns our non-employee directors' interests with those of our stockholders by compensating non-employee directors with a mix of cash and equity to focus them on sustainable, long-term shareholder value creation and to provide market-competitive compensation for their Board service. We pay over one-half of non-employee director compensation in the form of equity, and the rest in cash. The equity is in the form of restricted stock units (the "Director RSUs") that are granted under the PHH Corporation Amended and Restated 2005 Equity and Incentive Plan, as amended. This relative equity weighting also supports stock retention requirements for directors as described below. We do not provide one time grants for commencement of Board service. Currently, our only employee director is our Chief Executive Officer who does not receive any additional compensation for his Board service as a director and has no input on our non-employee director compensation program. The Human Capital and Compensation Committee is responsible for the annual review of our non-employee director compensation program, which is based on a number of variables, including market practice, work-load and other strategic imperatives, and for making recommendations to the Board for changes in such compensation when it deems appropriate. Recommendations must be approved by the full Board. Non-employee director compensation has not changed since 2011 and has been increased only once since we became publicly traded in 2005.

The following table describes the components of our non-employee director compensation program for 2013:

Compensation Element	Non-Employee Director Compensation Program
Non-Executive Chairman of the Board Retainer	\$295,000 of which \$122,500 is paid in cash and \$172,500 in Director RSUs ¹⁾
Board Member Retainer	\$220,000 of which \$85,000 is paid in cash and \$135,000 in Director RSUs
Committee Chair Stipends	The Stipends for Committee Chairs are paid 50% in cash and 50% in Director RSUs as follows: Audit Committee Chair \$25,000 Human Capital and Compensation Committee Chair \$25,000 Corporate Governance Committee Chair \$10,000 Finance & Risk Management Committee Chair \$25,000 Regulatory Oversight Committee Chair \$25,000
Committee Stipends	The Stipends for Committee members are paid 50% in cash and 50% in Director RSUs as follows: Audit Committee \$15,000 Human Capital and Compensation Committee \$15,000 Corporate Governance Committee \$8,000 Finance & Risk Management Committee \$15,000 Regulatory Oversight Committee \$15,000
Retention Requirements	Currently, 100% of the Director RSUs granted to Directors for service on the Board are settled one year after termination of service on the Board, absent a qualifying change of control.

Table of Contents**Compensation Element**

Timing of Compensation

Non-Employee Director Compensation Program

Non-employee director compensation is paid in arrears in four equal quarterly installments at the end of each calendar quarter ("Fee Payment Date") and is paid in the form of Director RSUs and cash as described above. It is our practice to prorate non-employee director compensation for the portion of each calendar quarter during which an individual director actually serves as a member or chairperson of the Board or a Committee of the Board.

Notes:

- (1) Director RSUs represent the right to receive one share of our common stock upon settlement of such Director RSU. The currently outstanding Director RSUs are immediately vested and are settled in shares of our common stock one year after the director is no longer a member of the Board, absent a qualifying change of control.
- (2) We do not maintain a pension plan or any deferred compensation plan for non-employee directors. Non-employee directors did not receive any other form of compensation for 2013.

Our non-employee directors are effectively restricted from selling any of their vested equity-based compensation, not only while serving as a director, but also for one year after their Board service ends. Accordingly, our non-employee directors are essentially subject to a 100% stock ownership requirement with respect to their Director RSUs and we believe that our non-employee directors' compensation program aligns the interests of our directors with long-term shareholder interests. This additional one year holding period also focuses directors on longer term performance, since the value delivered through the Director RSUs will continue to change after their Board service ends.

Director Compensation Table

The following table sets forth the compensation paid to or earned by each of our current and former non-employee directors that served as directors during 2013:

Name	Committee membership as of December 31, 2013	Fees Earned or Paid in Cash (\$)	Stock Awards (\$) ⁽¹⁾	Total (\$)
Jon A. Boscia ⁽²⁾	Audit (Chair)	\$ 103,390	\$ 153,286	\$ 256,676
	Regulatory Oversight			
Jane D. Carlin ⁽²⁾	Audit	\$ 107,388	\$ 157,307	\$ 264,695
	Finance & Risk Management			
	Regulatory Oversight (Chair)			
James O. Egan, Chairman of the Board	Corporate Governance	\$ 136,285	\$ 186,193	\$ 322,478
	Human Capital & Compensation			
Thomas P. Gibbons		\$ 100,031	\$ 149,969	\$ 250,000

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Audit

Finance & Risk Management

Allan Z. Loren	Corporate Governance	\$ 94,643	\$ 144,552	\$ 239,195
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Gregory J. Parseghian ⁽²⁾	Audit	\$ 113,126	\$ 163,028	\$ 276,154
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Finance & Risk Management (Chair)

Regulatory Oversight

Charles P. Pizzi	Corporate Governance	\$ 100,686	\$ 150,597	\$ 251,283
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Name	Committee membership as of December 31, 2013	Fees Earned or Paid in Cash (\$)	Stock Awards (\$) ⁽¹⁾	Total (\$)
	Finance & Risk Management			
	Human Capital & Compensation			
Deborah M. Reif	Finance & Risk Management	\$ 102,808	\$ 152,714	\$ 255,522
	Human Capital & Compensation (Chair)			
Carroll R. Wetzel, Jr.	Corporate Governance (Chair)	\$ 105,036	\$ 154,964	\$ 260,000
	Finance & Risk Management			
	Human Capital & Compensation			

(1) Represents the aggregate grant date fair value of Director RSUs granted during 2013, as calculated in accordance with Accounting Standards Codification Topic 718 ("ASC 718"). Pursuant to ASC 718, the grant date fair value is calculated using the closing market price of our common stock on the date of grant. See also Note 19, "Stock-Based Compensation" in the Notes to Consolidated Financial Statements included in the 2013 Annual Report for the assumptions used in calculating our equity based compensation expense.

(2) Includes additional compensation awarded in the fourth quarter of 2013 for services performed by the Regulatory Oversight Committee from November 30, 2012 through February 25, 2013 prior to formal Board approval of the Regulatory Oversight Committee's charter.

The following table sets forth the grant date fair value computed in accordance with ASC 718 of each equity award made to non-employee directors during 2013 and the aggregate number of stock awards (representing Director RSUs that are currently settled one year following termination of service as a Director) outstanding at fiscal year-end 2013 for each non-employee director that served as a non-employee director during 2013. We do not provide stock option awards to our non-employee Directors and, therefore, there are no outstanding option awards.

Name	Quarter Ended March 31, 2013	Quarter Ended June 30, 2013	Quarter Ended September 30, 2013	Quarter Ended December 31, 2013	Total	Aggregate Number of Option Awards Outstanding at Fiscal Year End	
						Outstanding at Fiscal Year End 2013	Outstanding at Fiscal Year End 2013
Jon A. Boscia	\$ 36,256	\$ 37,744	\$ 38,743	\$ 40,543	\$ 153,286	8,441	0
Jane D. Carlin	\$ 36,673	\$ 38,742	\$ 38,744	\$ 43,148	\$ 157,307	8,616	0
James O. Egan	\$ 47,236	\$ 46,976	\$ 45,984	\$ 45,997	\$ 186,193	44,556	0
Thomas P. Gibbons	\$ 37,486	\$ 37,499	\$ 37,485	\$ 37,499	\$ 149,969	20,040	0

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Allan Z. Loren	\$ 37,859	\$ 37,214	\$ 34,732	\$ 34,747	\$ 144,552	34,186	0
Gregory J. Parseghian	\$ 39,374	\$ 40,617	\$ 40,619	\$ 42,418	\$ 163,028	36,156	0
Charles P. Pizzi	\$ 36,607	\$ 37,010	\$ 38,483	\$ 38,497	\$ 150,597	13,801	0
Deborah M. Reif	\$ 37,486	\$ 37,744	\$ 38,743	\$ 38,741	\$ 152,714	31,624	0
Carroll R. Wetzel	\$ 38,737	\$ 38,742	\$ 38,744	\$ 38,741	\$ 154,964	31,964	0

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PROPOSAL 2 EQUITY INCENTIVE PLAN PROPOSAL

Introduction

The purpose of this Proposal 2 is to obtain shareholder approval of a new equity and incentive plan. The PHH Corporation Amended and Restated 2005 Equity and Incentive Plan, as amended, was last approved by shareholders in 2009 and expires by its terms on January 14, 2015 (the "2005 Plan"). Section 162(m) of the Internal Revenue Code of 1986, as amended (the "IRC") requires shareholder approval of applicable performance goals contained in incentive and equity plans generally every five years to preserve the ability to deduct for tax purposes, awards and payments to certain of our named executive officers. Therefore, to comply with IRC Section 162(m), and because the 2005 Plan expires in 2015, we seek shareholder approval of the PHH Corporation 2014 Equity and Incentive Plan (the "2014 Plan") and the performance goals set forth in the 2014 Plan.

The 2014 Plan was designed by the Human Capital and Compensation Committee (the "HC&CC") to allow for flexibility to create compensation programs consistent with our pay-for-performance compensation philosophy. The purpose of the 2014 Plan is to provide stock and cash incentives to certain officers, employees, directors, consultants, and other service providers of us and our affiliates in order to stimulate their efforts toward our continued success and the creation of shareholder value; to encourage stock ownership by certain officers, employees, directors, consultants, and other service providers by providing them with a means to acquire a proprietary interest in the Company or to receive compensation which is based upon appreciation in the value of our common stock; and to provide a means of attracting, rewarding and retaining officers, employees, directors, consultants, and other service providers.

The 2014 Plan was approved by our Board on April 4, 2014, subject to the further approval of the 2014 Plan by our stockholders at the Annual Meeting. If the 2014 Plan is approved by our stockholders at the Annual Meeting, no additional awards will be granted under the 2005 Plan, and the 2014 Plan will then be the only equity-based incentive and compensation plan pursuant to which equity-based incentive compensation awards may be granted to our employees, directors and consultants.

The Board has reserved shares of our common stock for issuance under the terms of the 2014 Plan in an amount equal to 3,500,000 shares plus any shares remaining available for grant under the 2005 Plan immediately prior to shareholder approval of the 2014 Plan (including shares issuable in connection with awards outstanding under the 2005 Plan which are not issued under those awards as a result of the settlement, exercise, cancellation or forfeiture of the awards). Specifically, any shares of our common stock subject to an award under the 2014 Plan or an award granted under the 2005 Plan which is outstanding as of the effective date of the 2014 Plan (a "2005 Plan Award"), that is forfeited, expires or otherwise terminates without issuance of shares of our common stock will again be available for awards under the 2014 Plan. Additionally, any award under the 2014 Plan and any 2005 Plan Award that is settled for cash or otherwise does not result in the issuance of all or a portion of the shares of our common stock subject to such award will also again be available for awards under the 2014 Plan to the extent our common stock is not issued under that award. Finally, if the exercise price of, or withholding tax liabilities attributable to, an award (whether under the 2014 Plan or a 2005 Plan Award) is satisfied through the tendering of shares of our common stock by the recipient or by our withholding of our common stock, the shares so tendered or withheld will again be available for use under the 2014 Plan. As of December 31, 2013, there were 2,803,362 shares that remained available for issuance under the 2005 Plan that will be available for issuance under the 2014 Plan if Proposal 2 is approved at the Annual Meeting, and there were 3,409,320 shares that were subject to outstanding 2005 Plan Awards that could potentially become available under the 2014 Plan if Proposal 2 is approved at the Annual Meeting.

The 2014 Plan provides for a variety of equity and equity-based awards, including the following: cash performance awards, incentive stock options, nonqualified stock options, stock appreciation rights, restricted stock units, restricted stock awards and other stock-based awards. Shareholder approval of the 2014 Plan will allow the Board and the HC&CC, should the Board or the HC&CC deem it appropriate, to

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grant "performance-based compensation" awards that qualify for certain tax deductions under IRC Section 162(m).

The following is merely a summary of the material features of the 2014 Plan and such summary is qualified in its entirety by reference to the full text of the 2014 Plan, which is included as Appendix A hereto and incorporated herein by reference.

Classes of Eligible Persons

Officers, directors, employees, consultants and other service providers of the Company or any affiliate of the Company (the "Eligible Persons") are eligible for awards under the 2014 Plan. As of the date of this proxy statement, there were 9 non-employee directors and approximately 6,000 officers and other employees of the Company or its affiliates who comprise Eligible Persons, excluding consultants and other service providers. The aggregate benefits and or amounts that will be received in the future by Eligible Persons are not presently determinable. As indicated above, no additional awards will be granted under our 2005 Plan if the 2014 Plan is approved by our stockholders at the Annual Meeting. Consequently, executive officers and non-employee directors will receive awards from the 2014 Plan going forward if such plan is approved. For information regarding our executive compensation philosophy and structure, as well as awards made to our named executive officers in 2013, see "EXECUTIVE COMPENSATION" below. For information regarding our non-employee director compensation structure, as well as awards made to our non-employee directors in 2013, see "DIRECTOR COMPENSATION" above.

Administration

The HC&CC has been appointed to administer the 2014 Plan, unless and until another committee is appointed by the Board. The Board will consider the advisability of whether the members of the HC&CC will consist solely of two or more members of the Board that are "outside directors" (as defined in U.S. Treasury Regulation 1.162-27(e)) and "non-employee directors" (as defined in Rule 16b-3(b)(3) as promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) and, if applicable, that satisfy the requirements of the national securities exchange or nationally recognized quotation or market system upon which our common stock is then traded. All questions of interpretation of the 2014 Plan will be determined by the HC&CC, and its decisions are final and binding upon all plan participants.

Consistent with applicable laws, the 2014 Plan also permits the Board, but not the HC&CC, to delegate to one or more members of the Board the ability to grant equity-based awards to individuals other than directors and officers of the Company or any affiliate that is subject to Section 16 of the Exchange Act. The member(s) so designated can grant awards subject to certain parameters and restrictions consistent with the 2014 Plan, as the Board shall determine, including without limitation, the maximum number of shares that may be granted. The Board may delegate the ability to set such parameters and restrictions to the HC&CC. Additionally, the 2014 Plan permits the Board or the HC&CC to delegate to one or more officers of the Company and/or one or more members of the Board the ability to grant cash performance awards under the 2014 Plan to individuals other than directors and officers of the Company or any affiliate that is subject to Section 16 of the Exchange Act. The officers and/or members so designated can determine the amount subject to such cash performance awards, subject to a maximum amount of compensation that may be granted as established by the Board or the HC&CC.

Awards Generally

The 2014 Plan permits the grant of any of the following types of awards: incentive stock options, nonqualified stock options, stock appreciation rights, cash performance awards, restricted stock units, restricted stock awards and other stock-based awards that are settled in shares of our common stock or cash. Awards may be made on an individual basis or pursuant to a program for the benefit of a group of

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Eligible Persons. The last reported sale price per share of our common stock on the New York Stock Exchange as of the record date for the Annual Meeting of March 26, 2014, was \$24.74.

Any shares of our common stock issued pursuant to an award under the 2014 Plan granted in assumption, substitution or exchange for a previously granted award of a company acquired by the Company will not reduce the shares of common stock otherwise available under the 2014 Plan. In the event all or a portion of an award is forfeited, cancelled, expired, or terminated before becoming vested, paid, exercised, converted, or otherwise settled in full, or if shares of stock are used in settlement of a withholding obligation with respect to any award, that number of shares will again be available under the 2014 Plan and will not count against the maximum number of reserved shares under the 2014 Plan. Additionally, available shares under a shareholder-approved plan of an acquired company (as appropriately adjusted to reflect the transaction) may be used for awards under the 2014 Plan and will not reduce the number of shares available for issuance under the 2014 Plan (subject to stock exchange listing requirements). Any shares of our common stock made subject to an award under the 2014 Plan will be counted against the shares of common stock available for awards under the 2014 Plan.

The Board, the HC&CC or their respective delegates will determine the recipient, the exercise or strike price, if applicable, any applicable performance, exercise or vesting conditions, applicable payment terms and the number of shares of our common stock subject to, or dollar amount of, any award under the 2014 Plan.

IRC Section 162(m) limits the deductibility for U.S. federal income tax purposes of compensation paid to certain "covered employees" of publicly held companies, including us, that is in excess of \$1,000,000 and is not "performance-based compensation." "Covered employees" include the chief executive officer and the three most highly compensated executive officers (other than the chief executive officer or the chief financial officer). The 2014 Plan is designed to permit, but does not require, the granting of awards that qualify as performance-based compensation for purposes of satisfying the conditions of IRC Section 162(m).

If the HC&CC intends that an award qualify as performance-based compensation under IRC Section 162(m), the vesting or payment of the award must be subject to the achievement of any one or more of the performance goals listed below. The performance goals may be based on the performance of the Company as a whole or any business unit, division, or Affiliate. Performance goals are measured over a specified period, whether cumulatively or averaged over that period. Performance goals maybe measured based on an absolute basis or relative to a pre-established target, to a previous period's results, or to a designated comparison group, in each case as specified by the HC&CC in the award. The following are the performance goals set forth in the 2014 Plan:

- 1) earnings before or after any, or any combination, of the following: taxes, interest, depreciation, amortization, or extraordinary or special items;
- 2) book value;
- 3) operating cash flow;
- 4) free cash flow;
- 5) cash flow return on investments (discounted or otherwise);
- 6) cash available;
- 7) gross or net income (before or after taxes);
- 8) revenue or revenue growth;
- 9) total shareholder return;
- 10) return on investment;
- 11) return on capital;
- 12) return on shareholder equity;
- 13) return on assets (gross or net);
- 14) return on common book equity;

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- 15) return on revenues;
- 16) market share;
- 17) market penetration;
- 18) geographic business expansion;
- 19) customer satisfaction;
- 20) employee satisfaction;
- 21) human resources management;
- 22) supervision of litigation;
- 23) information technology;
- 24) economic value added;
- 25) operating margin;
- 26) profit margin;
- 27) stock price;
- 28) operating income;
- 29) expenses or operating expenses;
- 30) productivity of employees as measured by revenues, costs, or earnings per employee;
- 31) working capital;
- 32) improvements in capital structure;
- 33) cost reduction goals
- 34) goals relating to divestures, joint ventures, and similar transactions; or
- 35) any combination of the foregoing.

Any of the foregoing may be determined on a per share basis (basic or diluted) as appropriate.

The HC&CC may appropriately adjust any performance goal to remove the effect of any one or more of the following: equity compensation expense under Generally Accepted Accounting Principles ("GAAP"); the value of intangible assets; amortization of acquired technology and/or intangibles; depreciation; impairment of goodwill and/or intangible assets; asset write-downs; mark to market adjustments; changes (realized or unrealized) in fair value of mortgage servicing rights that are based upon projections of expected future cash flows and prepayments, whether before or after tax; changes (realized or unrealized) in the fair value of derivatives that are intended to offset changes in the fair value of mortgage servicing rights, whether before or after taxes; litigation or claim judgments or settlements; changes in or provisions under tax law, accounting principles or other such laws or provisions affecting reported results; accruals for reorganization and restructuring programs; discontinued operations; or any items or events that are extraordinary, unusual in nature, non-recurring or infrequent in occurrence.

The maximum number of shares of our common stock with respect to which awards (other than other stock-based awards that are payable in cash or cash performance awards) that are intended to be performance-based compensation under IRC Section 162(m) may be granted during any thirty-six (36) month period to any employee may not exceed two million five hundred thousand (2,500,000) shares. Furthermore, the maximum aggregate dollar amount (determined as of the date of grant) that may be paid in any calendar year to any employee with respect to awards that are payable in cash may not exceed five million dollars (\$5,000,000). Such cash limit may be multiplied by two for any employee in

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his or her first calendar year of employment with the Company or an affiliate.

In addition to the above limits on certain employees, the 2014 Plan includes a limitation with regard to non-employee director compensation. Specifically, the 2014 Plan provides that the aggregate grant date fair value (determined under applicable financial accounting rules of all awards granted to any director during any single calendar year) may not exceed \$500,000. Awards made at the election of the director in lieu of all or a portion of annual and committee cash retainers and awards made for incremental compensation for special service or for services other than that of a director do not count toward this cap.

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Approval of Proposal 2 by our stockholders at the Annual Meeting will be deemed to constitute approval of the material terms of the 2014 Plan, including the performance goals under the 2014 Plan for purposes of IRC Section 162(m). The material terms of the 2014 Plan include the persons eligible to participate in the 2014 Plan, as described under the heading "Classes of Eligible Persons" above, as well as the performance goals upon which awards that are performance-based compensation can be based and the maximum shares or cash value of awards that may be granted to an individual in any one year, as described above.

Awards generally may not be transferable or assignable during a holder's lifetime unless otherwise provided under the terms of the award. However, incentive stock options may not be transferred except by will or by the laws of intestate succession. Any award granted under the 2014 Plan is subject to any clawback or recoupment policy adopted by the Board or any committee thereof.

Additionally, no award will vest or become payable solely as a result of a change in control, unless otherwise provided in an award agreement or award program. The 2014 Plan contains a definition of "change in control," although the HC&CC may provide a different definition in an award agreement or award program. "Change in control" under the 2014 Plan is generally: (1) the acquisition by a person or group, together with stock the person or group already holds, of more than 50% of the fair market value or voting power of the stock of the Company, (2) the acquisition by a person or group of at least 30% of the total voting power of the stock of the Company in a twelve-month period, (3) the replacement of a majority of the members of the Board in a twelve-month period by directors whose appointment or election is not endorsed by a majority of the Board; or (4) the acquisition by one person or group of all or substantially all the assets of the Company and its affiliates. However, solely for awards which are subject to IRC Section 409A, an event must also constitute a "change in control event" under IRC Section 409A to be a change in control under the terms of the 2014 Plan in addition to any definition in the award agreement.

Options

The 2014 Plan permits the grant of both incentive and non-qualified stock options. Options may be made exercisable at a price per share not less than the fair market value per share of our common stock on the date that the option is awarded. The 2014 Plan provides that the HC&CC may determine fair market value by reference to: (1) the closing price per share on the date of grant or, if such date is not a trading day, on the immediately preceding trading day, (2) the average price on such day, or (3) the average price for a period ending on such day. The exercise price of an option may not be reduced, and an option may not be exchanged for an option with a lower exercise price than the option being exchanged, without the approval of our shareholders, except in the event of a recapitalization, reorganization, or similar event as described below. Incentive stock options granted under the 2014 Plan will expire ten years after their respective grant dates. However, an incentive stock option granted to an individual who owns more than 10% of our common stock is required to expire five years after its grant date. Nonqualified stock options are required to have an expiration date specified in the award agreement, but may not exceed ten years after the date the option is granted. However, if the term specified in an award agreement for a nonqualified stock option would otherwise expire during a period when trading in our common stock is prohibited by law or our insider trading policy, then the term of the option will be deemed to expire on the thirtieth (30th) day after expiration of the applicable prohibition.

In the case of incentive stock options, the aggregate fair market value (determined as of the date an incentive stock option is granted) of our common stock with respect to which stock options intended to meet the requirements of IRC Section 422 become exercisable for the first time by an individual during any calendar year under all of our plans may not exceed \$100,000. Only our employees and employees of our subsidiaries of which we own at least 50%, directly or indirectly may receive awards of incentive stock options.

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The HC&CC may permit an option exercise price to be paid in cash, by the delivery of previously-owned shares of our common stock, through a cashless exercise executed through a broker, or by having a number of shares of our common stock otherwise issuable at the time of exercise withheld. Options (and shares of our common stock underlying any Option) will not be eligible for dividends or dividend equivalents.

The 2014 Plan prohibits so-called "reload grants." Reload grants are grants of stock options that are made in consideration for or as a condition of the delivery of shares of stock to the issuer in payment of the exercise price or tax withholding obligation of any other option held by the recipient.

Stock Appreciation Rights

Stock appreciation rights may be granted separately or in connection with another award. Each stock appreciation right allows the recipient to receive the appreciation per share of our common stock over a defined price which may not be less than fair market value (determined in accordance with the 2014 Plan as described above under the heading "Options") per share of our common stock on the date the stock appreciation right is granted. The price of a stock appreciation right may not be reduced without shareholder approval and a stock appreciation right may not be exchanged for a stock appreciation right with a lower defined price, except in the event of a recapitalization, reorganization, or similar event as described below.

The term of any stock appreciation right will be specified in the applicable award agreement, provided that such term may not exceed ten (10) years after the date the stock appreciation right is granted. However, if the term specified in an award agreement for a stock appreciation right would otherwise expire during a period when trading in our common stock is prohibited by law or our insider trading policy, then the term of the stock appreciation right will be deemed to expire on the thirtieth (30th) day after expiration of the applicable prohibition.

If a stock appreciation right is granted in connection with another award, it may only be exercised to the extent that the related award has not been exercised, paid, or otherwise settled. Stock appreciation rights are exercisable or payable at a time or times certain or upon the occurrence or non-occurrence of certain events. Stock appreciation rights may be settled in shares of our common stock or in cash, according to terms established by the HC&CC in the award agreement. The HC&CC may, at any time before complete termination of the stock appreciation right, accelerate the time or times at which the stock appreciation right may be exercised or paid. Stock appreciation rights (and any shares of our common stock underlying a stock appreciation right) will not be eligible for dividends or dividend equivalents.

Other Stock-Based Awards

The HC&CC may grant other stock-based awards that are settled in shares of our common stock or cash and have a value derivative of, or determined by reference to, a number of shares of our common stock, including, but not limited to, grants of common stock, grants of rights to receive common stock in the future (such as restricted stock units and restricted stock awards) and dividend equivalent rights, subject to the provisions of the 2014 Plan.

Cash Performance Awards

The HC&CC may grant cash performance awards that are settled in cash and do not have a value that is derivative of the value of, determined by reference to a number of shares of, or determined by reference to dividends payable on, shares of our common stock, subject to the provisions of the 2014 Plan.

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General Rules

The terms of particular awards or award programs describe when or under what circumstances the grant may be terminated, cancelled, accelerated, paid or continued. Awards may also include exercise, conversion or settlement rights to a holder's estate or personal representative in the event of the holder's death or disability.

Recapitalizations and Reorganizations

The number of shares of our common stock reserved for issuance under the 2014 Plan in connection with the grant or settlement of an award and the exercise price of each option are subject to adjustment in the event of any recapitalization of the Company or similar event effected without receipt of consideration by the Company.

In the event of certain corporate reorganizations, awards may be substituted, cancelled, cashed-out or otherwise adjusted by the HC&CC, provided such adjustment is not inconsistent with the express terms of the 2014 Plan or the applicable award agreement or award program.

Other Provisions

The 2014 Plan gives the HC&CC the ability to determine which affiliates shall be covered by the 2014 Plan and which employees outside the United States will be eligible to participate. The HC&CC may adopt, amend or rescind rules, procedures or sub-plans to accommodate the specific requirements of local laws, procedures, and practices for grants made to those employees.

Additionally, the HC&CC may, in its discretion, grant any award holder a cash payment intended to reimburse the holder for all or a portion of the taxes incurred by the holder in connection with the award.

Amendment or Termination

In general, the 2014 Plan may be amended by the Board without shareholder approval. However, the Board of must have shareholder approval to implement the following changes: (1) increase the number of shares of common stock available for awards under the 2014 Plan, (2) materially expand the classes of individuals eligible to receive awards, (3) materially expand the types of awards available under the 2014 Plan, or (4) to comply with the rules of an applicable stock exchange.

After an award is granted, the HC&CC may modify the terms of the award consistent with the terms of the 2014 Plan. To the extent a permitted modification would materially and adversely impact the rights of a participant, such modification may not be implemented without the participant's consent.

However, no awards may be granted more than ten (10) years after the date the 2014 Plan is approved by our stockholders.

Tax Consequences

The following discussion outlines generally the federal income tax consequences of participation in the 2014 Plan. Individual circumstances may vary and each recipient should rely on his or her own tax counsel for advice regarding federal income tax treatment under the 2014 Plan. Furthermore, any tax advice contained in this discussion is not intended to be used, and cannot be used, to avoid penalties imposed under the IRC.

Non-Qualified Stock Options. A recipient will not recognize income upon the grant of an option or at any time prior to the exercise of the option or a portion thereof. At the time the recipient exercises a non-qualified stock option or portion thereof, he or she will recognize compensation taxable as ordinary income in an amount equal to the excess of the fair market value of common stock on the date the option

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is exercised over the price paid for common stock, and we will then be entitled to a corresponding tax deduction.

Depending upon the period shares of common stock are held after exercise, the sale or other taxable disposition of shares acquired through the exercise of a non-qualified stock option generally will result in a short- or long-term capital gain or loss equal to the difference between the amount realized on such disposition and the fair market value of such shares when the non-qualified stock option was exercised.

Incentive Stock Options. A recipient who exercises an incentive stock option will not be taxed at the time he or she exercises the option or a portion thereof. Instead, he or she will be taxed at the time he or she sells common stock purchased pursuant to the option. The recipient will be taxed on the difference between the price he or she paid for the stock and the amount for which he or she sells the stock. If the recipient does not sell the stock prior to two years from the date of grant of the option and one year from the date the stock is transferred to him or her, the recipient will be entitled to capital gain or loss treatment based upon the difference between the amount realized on the disposition and the aggregate exercise price and we will not get a corresponding tax deduction. If the recipient sells the stock at a gain prior to that time, the excess of the lesser of the fair market value on the date of exercise or the amount for which the stock is sold over the amount the recipient paid for the stock will be taxed as ordinary income and we will be entitled to a corresponding tax deduction; if the stock is sold for an amount in excess of the fair market value on the date of exercise, the excess amount is taxed as capital gain. If the recipient sells the stock for less than the amount he or she paid for the stock prior to the one or two year periods indicated, no amount will be taxed as ordinary income and the loss will be taxed as a capital loss.

Exercise of an incentive option may subject a recipient to, or increase a recipient's liability for, the alternative minimum tax.

Stock Awards. A recipient will not be taxed upon the grant of a stock award if such award is not transferable by the recipient and is subject to a "substantial risk of forfeiture," as defined in the IRC. However, when the shares of common stock that are subject to the stock award are transferable by the recipient or are no longer subject to a substantial risk of forfeiture, the recipient will recognize compensation taxable as ordinary income in an amount equal to the fair market value of the stock subject to the stock award, less any amount paid for such stock, and we will then be entitled to a corresponding deduction. However, if a recipient so elects at the time of receipt of a stock award, he or she may include the fair market value of the stock subject to the stock award, less any amount paid for such stock, in income at that time and we also will be entitled to a corresponding deduction at that time.

Other Awards. A recipient will not recognize income upon the grant of a stock appreciation right, dividend equivalent right, performance unit award or restricted stock unit (the "Equity Incentives") or cash performance award. Generally, at the time a recipient receives payment under any Equity Incentive or cash performance award, he or she will recognize compensation taxable as ordinary income in an amount equal to the cash or the fair market value of common stock received, and we will then be entitled to a corresponding deduction.

The 2014 Plan is not qualified under IRC Section 401(a).

The HC&CC may, at any time and in its discretion, grant to any holder of an award the right to receive, at such times and in such amounts as determined by the HC&CC in its discretion, a cash amount which is intended to reimburse such person for all or a portion of the federal, state and local income taxes imposed upon such person as a consequence of the receipt of the award or the exercise of the rights under the award.

THE BOARD RECOMMENDS A VOTE "FOR" THE EQUITY INCENTIVE PLAN PROPOSAL. UNLESS MARKED TO THE CONTRARY, VALID PROXIES RECEIVED BY US WILL BE VOTED "FOR" THE EQUITY INCENTIVE PLAN PROPOSAL.

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PROPOSAL 3 RATIFICATION OF AUDITORS PROPOSAL

The Audit Committee has appointed Deloitte & Touche LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2014. The submission of this matter for approval by stockholders is not legally required; however, the Board believes that such submission provides stockholders an opportunity to provide feedback to the Board on an important issue of corporate governance. If stockholders do not approve the appointment of Deloitte & Touche LLP, the selection of such firm as our independent registered public accounting firm will be reconsidered. In the event that Deloitte & Touche LLP is unable to serve as independent registered public accounting firm for the fiscal year ending December 31, 2014, for any reason, the Audit Committee will appoint another independent registered public accounting firm. Representatives of Deloitte & Touche LLP are expected to be present at the Annual Meeting, will be given an opportunity to make a statement if they desire to do so and will be available to respond to appropriate stockholder questions regarding the Company.

THE BOARD RECOMMENDS A VOTE "FOR" THE RATIFICATION OF AUDITORS PROPOSAL. UNLESS MARKED TO THE CONTRARY, VALID PROXIES RECEIVED BY US WILL BE VOTED "FOR" THE RATIFICATION OF AUDITORS PROPOSAL.

Table of Contents**PRINCIPAL ACCOUNTANT FEES AND SERVICES**

Our Audit Committee is responsible for pre-approving all audit services and permitted non-audit services, including the fees and terms thereof, to be performed for us and our subsidiaries by our independent registered public accounting firm, Deloitte & Touche LLP (the "Independent Auditor"). The Audit Committee has adopted a pre-approval policy and implemented procedures that provide that all engagements of our Independent Auditor are reviewed and pre-approved by the Audit Committee, except for such services that fall within the *de minimis* exception for non-audit services described in Section 10A(i)(1)(B) of the Exchange Act that our Audit Committee approves prior to the completion of the audit. The pre-approval policy also permits the delegation of pre-approval authority to a member of the Audit Committee between meetings of the Audit Committee, and any such approvals are reviewed and ratified by the Audit Committee at its next scheduled meeting.

For the years ended December 31, 2013 and 2012, professional services were performed for us by our Independent Auditor pursuant to the oversight of our Audit Committee. Representatives of our Independent Auditor are expected to be present at the Annual Meeting, will be given an opportunity to make a statement if they desire to do so and will be available to respond to appropriate stockholder questions regarding the Company.

Set forth below are the fees billed to us by Deloitte & Touche LLP, the member firms of Deloitte Touche Tohmatsu and their respective affiliates. All fees and services were approved in accordance with the Audit Committee's pre-approval policy.

Fees by Type	Year Ended December 31,	
	2013	2012
	(In millions)	
Audit fees	\$ 4.1	\$ 3.8
Audit-related fees	0.9	0.9
Tax fees	0.2	0.4
All other fees	0.0	0.0
Total	\$ 5.2	\$ 5.1

Audit Fees. Audit fees primarily related to the annual audits of the Consolidated Financial Statements included in our Annual Reports on Form 10-K and our internal control over financial reporting, as required by Section 404 of the Sarbanes-Oxley Act of 2002, the reviews of the Condensed Consolidated Financial Statements included in our Quarterly Reports on Form 10-Q and services provided in connection with regulatory and statutory filings.

Audit-Related Fees. Audit-related fees primarily related to audit fees for our employee benefit plans, comfort letters for registration statements and agreed upon procedures.

Tax Fees. Tax fees related to tax compliance, tax advice and tax planning.

All Other Fees. The aggregate fees billed for all other services during the years ended December 31, 2013 and 2012 were not significant.

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AUDIT COMMITTEE REPORT

The Audit Committee is a standing committee of the Board of Directors of the Company that is comprised solely of non-employee directors who have been affirmatively determined to be "independent" within the meaning of the NYSE Listing Standards and the Company's Independence Standards. The Audit Committee operates pursuant to a written charter that is available at www.phh.com under the heading "Investor Relations Corporate Governance" and is also available to stockholders upon request, addressed to the Corporate Secretary at 3000 Leadenhall Road, Mt. Laurel, New Jersey, 08054. See "Committees of the Board Audit Committee" above for additional information regarding the role and responsibilities of the Audit Committee.

The Company's management is responsible for the preparation of the Company's consolidated financial statements. In connection with the preparation of the Company's consolidated financial statements for the year ended December 31, 2013, the Audit Committee:

Reviewed and discussed the Company's audited consolidated financial statements with management;

Discussed with the Company's independent registered public accounting firm, Deloitte & Touche LLP, the matters required to be discussed by Statement on Auditing Standards ("SAS") No. 61, as amended (AICPA, *Professional Standards*, Vol. 1. AU section 380), as adopted by the Public Company Accounting Oversight Board in Rule 3200T; and

Received the written disclosures and the letter from Deloitte & Touche LLP required by the applicable requirements of the Public Company Accounting Oversight Board regarding Deloitte & Touche LLP's communications with the Audit Committee concerning independence, and has discussed with Deloitte & Touche LLP their independence.

Based upon these reviews and discussions, the Audit Committee recommended to the Board of Directors that the Company's audited consolidated financial statements be included in the Company's Annual Report on Form 10-K for the year ended December 31, 2013, for filing with the Securities and Exchange Commission.

Date: April 4, 2014

Audit Committee of the Board of Directors

Jon A. Boscia (Chair)

Jane D. Carlin

Thomas P. Gibbons

Gregory J. Parseghian

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PROPOSAL 4 SAY ON PAY VOTE

In accordance with Section 14A of the Exchange Act and rules promulgated by the SEC, we are requesting the approval of the following advisory resolution:

"RESOLVED, that the compensation paid to the Company's named executive officers, as disclosed pursuant to Item 404 of Regulation S-K, including the Compensation Discussion and Analysis, compensation tables and narrative discussion is hereby APPROVED."

Although the foregoing resolution is only advisory in nature and is not binding on the Board or the Company, we intend to review the voting results with the Board and the Human Capital and Compensation Committee of the Board so that such voting results may be taken into consideration in connection with future executive compensation decisions.

THE BOARD RECOMMENDS A VOTE "FOR" THE SAY ON PAY VOTE. UNLESS MARKED TO THE CONTRARY, PROXIES RECEIVED BY US WILL BE VOTED "FOR" THE SAY ON PAY VOTE.

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COMPENSATION COMMITTEE REPORT

The Human Capital and Compensation Committee reviewed and discussed the Compensation Discussion and Analysis set forth below with management and, based on such review, recommended to the Board of Directors that the Compensation Discussion and Analysis set forth below be included in the Company's Proxy Statement and Annual Report on Form 10-K for the year ended December 31, 2013.

Date: April 10, 2014

**Human Capital and Compensation Committee
of the Board of Directors**

Deborah M. Reif (Chair)

James O. Egan

Charles P. Pizzi

Carroll R. Wetzel, Jr.

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

In this section, we provide an overview on our performance and the business environment during 2013 followed by a description of the components of our executive compensation program for our Named Executive Officers, or "NEOs," whose compensation is set forth in the Summary Compensation Table and other compensation tables contained in this Proxy Statement.

Named Executive Officers

Glen A. Messina, President and Chief Executive Officer

Robert B. Crowl, Executive Vice President and Chief Financial Officer

David E. Tucker, Executive Vice President, Mortgage

Richard J. Bradfield, Senior Vice President and Treasurer

William F. Brown, Senior Vice President, General Counsel and Secretary

George J. Kilroy, former Executive Vice President, Fleet

An overview of our executive compensation philosophy and our executive compensation program are included as well as an explanation of how and why the Human Capital and Compensation Committee of our Board (the "HC&CC" or "Committee") arrive at specific compensation policies and decisions involving the NEOs.

Business Highlights

Our Business

We are a leading outsource provider of mortgage and fleet management services. We provide mortgage banking services to a variety of clients, including financial institutions and real estate brokers, throughout the U.S. Our mortgage banking activities include originating, purchasing, selling and servicing mortgage loans through our wholly owned subsidiary, PHH Mortgage Corporation and its subsidiaries (collectively, "PHH Mortgage"). We provide commercial fleet management services to corporate clients and government agencies throughout the U.S. and Canada through our wholly owned subsidiary, PHH Vehicle Management Services Group LLC ("PHH VMS"). PHH VMS is a fully integrated provider of fleet management services with a broad range of product offerings, including managing and leasing vehicle fleets

and providing other fee-based services for our clients' vehicle fleets.

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According to *Inside Mortgage Finance*, for the year ended December 31, 2013, PHH Mortgage was the 7th largest overall mortgage loan originator with a 2.7% market share and the 8th largest mortgage loan servicer with a 2.3% market share. We believe PHH VMS is a leading provider of outsourced commercial fleet management services in the U.S. and Canada.

2013 Business Environment

2013 was a particularly challenging year for the Company, and our financial results for 2013 reflect the current dynamics in the mortgage origination environment, as increases in interest rates during 2013 have significantly reduced refinance origination volumes and the industry is transitioning to a home purchase-driven market. Our Mortgage segments are also still experiencing the impacts of the adverse developments in the housing market and the resulting higher regulatory focus. Our Fleet Management Services segment has continued its strong, consistent operating performance.

Throughout 2013, we have continued to make significant progress in placing PHH in a position of strength to deal with the cyclical and dynamic nature of the mortgage industry. These actions have significantly improved our liquidity position, capital structure and operating execution and while we have experienced organic growth in our Fleet Management Services segment, we are positioning the mortgage business to be a less capital intensive, fee-based business with less volatile cash flow and increased strategic and financial flexibility.

We expect a highly challenging mortgage industry environment in 2014, as we are anticipating a decline in industry origination volumes, further total loan margin compression, and an increasing mix of fee-based closings related to our private label originations. We have reduced staffing levels in our Mortgage Production segment in response to expected client and industry demand, and have identified further overhead reductions that we expect to take place in 2014.

Executive Summary

As described above, 2013 was an extremely challenging year for the Company resulting from the numerous forces at play in the mortgage business environment. As we faced these challenges, the Committee and Board of Directors took steps to ensure that management would remain focused on creating shareholder value despite what we anticipate will be a difficult business cycle for the Mortgage industry. The expected business conditions in 2014, coupled with the prospect of strategic transactions in an effort to maximize shareholder value, resulted in decisive action on the part of the Board to create greater alignment between management and shareholder success. Notably, in October 2013, the HC&CC changed the timing of what was intended to be March 2014 Long-Term Incentive Award grants to November 2013. The Committee also changed the vesting and performance provisions associated these November 2013 grants to include double-trigger vesting features, which is expected to bolster retention value in the event of a change in control. These actions accomplished the dual objectives of ensuring that management was properly incented to pursue all opportunities that could maximize shareholder value, while at the same time same minimizing the financial uncertainty that would be associated with the business environment we faced.

In looking back at 2013 financial performance, the Committee acted consistent with its pay for performance philosophy and reduced Management Incentive Plan ("MIP") awards (as a % of their target level) for Corporate, Mortgage and Fleet by 35%, 34% and 11%, respectively, when compared to 2012.

In looking ahead toward 2014, and what is anticipated to be lower financial performance, the Committee decided it was appropriate to lower the incentive that management in Mortgage and Corporate could expect under the MIP for target performance by 25% and 12.5%, respectively, as compared to 2013, where target performance yielded 100% of their annual MIP target. While the Committee lowered the compensation that would be earned at target level, it also changed the structure of the MIP across the company to focus on both financial and strategic outcomes. The Committee believes that it is critical that

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management is incented not only for delivering financial results despite a difficult environment, but also for delivering against the strategic initiatives which lay the foundation for future growth.

The program changes made in 2013, along with the Committee's decision to retain Frederic W. Cook & Co., Inc. as its new Independent Executive Compensation Advisor, reinforce the Committee's commitment to continue to evolve our pay-for-performance programs in an objective manner so that they align with the creation of long-term shareholder value.

Our Compensation Philosophy and Structure

Our Total Rewards Philosophy

Paying for Performance

Our Compensation Program is designed to deliver Pay-for-Performance.

Our compensation program places a strong emphasis on pay-for-performance. We have created and implemented a pay-for-performance-based Total Rewards Philosophy that aligns our compensation programs with sustainable long-term shareholder value creation.

How we structure our Compensation to deliver against our Philosophy

We start by ensuring that a significant portion of our executive's total direct compensation opportunity is in the form of variable pay linked to performance.

We then review both performance objectives and related compensation to ensure that we are operating within our risk framework and that appropriate controls are in place to monitor and assess performance.

The target mix of pay for our NEOs in 2013 aligns well with the mix of pay within the Proxy Peer Group.

NEO	Target Total Direct Compensation 2013 PHH Mix of Pay		As reference: Proxy Peer Group Mix of Pay		As reference: Break out of PHH's Variable Pay	
	Fixed	Variable	Fixed	Variable	Annual	Long-Term
Messina	20%	80%	17%	83%	14%	66%
Tucker	25%	75%	21%	79%	16%	59%
Crowl	30%	70%	22%	78%	15%	55%
Bradfield	30%	70%	39%	61%	27%	43%
Brown	36%	64%	28%	72%	18%	46%
Kilroy	29%	71%	30%	70%	21%	50%

The HC&CC focuses on each component of pay to ensure it is factoring in the executive's performance and relevant market data.

The chart below illustrates factors considered by the HC&CC when setting compensation levels and making awards.

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Compensation Element	Factors considered by the Human Capital and Compensation Committee	Reviewed in
2013 Base Salary	Base salary is the principal fixed component of the total direct compensation of our executive officers and is determined by considering the relative importance of the position, the competitive marketplace, and the individual's performance and contributions.	March 2013
2013 Annual Incentive (MIP) Target Opportunity	The MIP target opportunity is reviewed annually which includes an assessment of the scope and impact of each executive's position. Consideration is given to recent performance as well as the executives' total cash opportunity vs. the market median total cash position of the peer group.	March 2013
2013 Annual Incentive Award (MIP)	The financial performance of the Company and its business units during 2013 sets the maximum MIP opportunity NEOs can earn. In 2013, MIP funding was determined by business unit financial performance against: <ol style="list-style-type: none"> 1. Adjusted Cash Flow 2. Core Earnings (Pre-tax) per Diluted Share 3. Pre-tax Core ROE After the funding maximum is determined for each NEO, the HC&CC reviews each NEO's 2013 performance against their specific goals and leadership objectives and applies negative discretion, if appropriate to reduce the award.	February 2014
Annual March 2013 Long-Term Incentive Awards ⁽¹⁾	The executive's performance during the prior performance year and total direct compensation position vs. the total direct compensation opportunity in the market peer group.	March 2013
November 2013 Long-Term Incentive Awards ⁽²⁾	A combination of the executive's performance during 2013 and emerging retention needs based on the business environment.	November 2013

Notes:

- (1) March 2013 Long-Term Incentive Awards were delivered in the form of both Performance Restricted Stock Units and Non-Qualified Stock Options.
- (2) November 2013 Long-Term Incentive Awards were delivered in the form of both Performance Restricted Stock Units and time-vested Restricted Stock Units. This award tranche was granted in November 2013 as opposed to the previously intended March 2014 time frame. As a result, no new Long-Term incentive awards have been granted in 2014.

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Other Key Perspectives factored into Developing our Programs

The HC&CC incorporates a number of perspectives to ensure our compensation programs continue to be market competitive, tax effective and generally consistent with best practices while remaining aligned with shareholder interests. In particular, the HC&CC retains the advice of Pillsbury Winthrop Shaw Pittman LLP ("Pillsbury"), the Board of Directors' independent legal counsel, and Frederic W. Cook & Co., Inc. ("Frederic W. Cook"), an independent compensation consultant. They also carefully consider the opinions provided by ISS, Glass-Lewis and other shareholder advisory groups in response to our Advisory "Say on Pay" recommendation.* In addition, Senior Management and members of the Board have had numerous meetings during 2013 with shareholders who collectively own over 90% of the Company's issued and outstanding common stock. As a result of this process, we have made three notable changes to how we structured and made compensation decisions for 2013: 1) We did not provide any discretionary bonus amounts to our NEOs for 2013 performance; 2) We introduced a "double-trigger" vesting provision in our November 2013 LTIPs; and 3) We updated our Stock Ownership and Retention Guidelines.

The Role of Benchmarking and Compensation Peer Group in the Development and Assessment of our Programs

The Committee believes that an understanding of market-competitive practices is critical when making sound executive compensation decisions. The Committee utilizes a peer group of publicly-traded companies as a data point in determining market-competitive compensation practices. In 2013, the Committee conducted its regular review of the peer group with Frederic W. Cook's assistance. Based on this review and other strategic factors, the Committee decided to retain the peer group listed in the table below which is consistent with what we disclosed in our prior year's Proxy Statement. The Committee decided it will revisit the Peer Group composition in the third quarter of 2014 to ensure it is appropriate with our business profile, market changes and size. The peer group was selected because the Committee believes that it was representative of the fact that we compete in both the mortgage and fleet management industries for customers and executive talent, as well as with outsourcing companies.

Alliance Data Systems Corp.	Avis Budget Group, Inc.	Corelogic, Inc.
Euronet Worldwide, Inc.	Fidelity National Information Services, Inc.	GATX Corp.
Genpact, Ltd.	Heartland Payment Systems, Inc.	Lender Processing Services, Inc.
MGIC Investment Corp.	Nationstar Mortgage Holdings	New York Community Bancorp, Inc.
Ocwen Financial	Radian Group, Inc.	Ryder System, Inc.
United Rentals, Inc.		

The Company's percentile rank against this peer group in terms of Revenue, EBIT, Assets, Enterprise Value and Employees is 70th, 60th, 61st, 46th, and 51st, respectively.

Recognizing that we compete in multiple industries, and many of the competitors in each of our business units are divisions of much larger organizations, or are privately-held, the Committee also examined national compensation data in order to assist in the compensation evaluation. The Committee is able to be flexible in making the right decisions to attract, retain and motivate executive talent, since it uses multiple data sources for benchmarking executive compensation.

The Committee evaluated the base salary, short-term and long-term incentives and actual and target total compensation levels, as well as shareholder dilution levels, for the peer group and from the survey data. This included the median and percentile ranges for each compensation component, and in the aggregate, for comparison with that of our NEOs. The Committee further reviewed the realizable value of the equity grants in analyzing the effectiveness and relative pay-for-performance relationships of the

*

Approximately 81% of the votes cast on the "Say on Pay" proposal in 2013 were voted in support of the compensation of our NEOs. This compares with 94% of the votes cast in support of the "Say on Pay" proposal submitted for shareholder consideration at the 2012 Annual Meeting of Shareholders.

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executive compensation program. The Committee determined that for 2013, total executive compensation for our Named Executive Officers should incent them to achieve above-market performance by paying them commensurate with that performance. The Committee further determined that the total compensation opportunity, including realizable value, represents an appropriate relationship between executive rewards and shareholder value creation, especially given the focus on profitability in the 2013 MIP and share price appreciation in the long-term incentive grants. The Committee intends to utilize this compensation philosophy again in 2014 with some adaptations to focus on both financial measures as well as the accomplishment of strategic initiatives in the MIP and may adjust target total compensation levels, as well as base salary, short-term and long-term incentives, of our executive officers based upon how they deliver against these factors and sustainable shareholder value creation.

Key Governance Considerations in our Executive Compensation Programs

We do the following in governing our Programs		We do not allow for the following in our Programs	
Pay for performance	Most of our executives pay is at risk and not guaranteed. We set clear and transparent financial goals with long-term incentive awards which include performance based vesting conditions.	Tax gross-ups	It is our policy to not provide tax gross-ups. In 2012, we discontinued the practice of providing tax gross-ups for any compensation or benefits provided to our executives.
Discourage Excessive Risk Taking	We operate within our risk management framework and include a balanced program design, multiple performance measures claw-back and retention provision, as well as robust Board and management processes to identify risk. In addition, our Chief Risk and Chief Compliance and Ethics Officers review and provide input into the design of our programs prior to their approval.	No option back-dating, re-pricing or reloading	We do not permit back-dating, re-pricing of stock options, nor reloading of stock options.
Retain an independent compensation consultant	The HC&CC has retained the services of Frederic W. Cook, an independent executive compensation consulting firm, which does not provide any other services to PHH and reports directly to the Chair of the HC&CC.	No hedging or pledging	We prohibit hedging and/ or pledging shares of our stock as collateral for loans or other reasons by our non-employee directors and executive officers.

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We do the following in governing our Programs		We do not allow for the following in our Programs	
Caps on Annual Incentives and Long-Term Awards	Our Annual Incentive Program caps maximum payout opportunity at 150% of the target incentive and our current Equity and Incentive plan limits maximum shares allowable to any individual at 1,000,000 per calendar year.	No enhanced Retirement Benefits	No enhanced retirement formulas or inclusion of Long-Term Incentives in pension calculations
Stock Ownership and Retention Guidelines	Executives who receive equity awards are prohibited from disposing of them other than to meet tax obligations until they attain their required multiple of PHH stock holdings	No Employment Agreements	All our Executives are employed at will and are subject to an HC&CC approved Tier I Severance Plan

Parties involved in the Corporate Governance of our Executive Compensation Programs

The effective management and governance of our Executive Compensation Programs is generally carried out through interaction of three groups. The Human Capital and Compensation Committee; Management and Frederic W. Cook, the Independent Compensation Consultant to the Board. On occasion, and as appropriate, the committee may enlist the advice of independent counsel to the Board of Directors.

Role of the HC&CC

The HC&CC is responsible to our Board for overseeing the development and administration of our compensation and benefits policies and programs. The Committee, which currently consists of four independent directors, is responsible for the review and approval of all aspects of our executive compensation program. Among its duties, the HC&CC formulates compensation recommendations for our CEO subject to Board approval and reviews and approves all compensation recommendations for the Management Operating Committee ("MOC") which is currently comprised of 13 of our most senior leaders. The Committee's review includes:

Approval of corporate incentive goals and objectives relevant to compensation, including the development of the MOCs performance goals

Evaluation of individual performance results in light of these goals and objectives

Evaluation of the competitiveness of each executive officer's total compensation; and

Approval of any changes to the total compensation package, including, but not limited to, base salary, annual and long-term incentive award opportunities, and payouts and retention programs.

The Committee focused on sustainable long-term shareholder value creation as the underpinning of our compensation programs.

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The Committee reviews the performance and compensation for the Chief Executive Officer, and makes recommendations to the Board for final approval.

The Committee also has the authority to engage and retain executive compensation consultants to assist with such evaluation. Board members who are not members of the Committee are not involved in the decisions surrounding the engagement and/or retention of the Committee's consultant.

As appropriate, the HC&CC will engage the services of independent external counsel to the Board to review and advise on matters relating to executive compensation.

Role of Management

Our Chief Executive Officer makes compensation recommendations to the Committee as it relates to the compensation of our other executive officers.

In addition, our executive officers, including our Chief Executive Officer, as well as our Chief Human Resources Officer, Chief Financial Officer, Chief Risk Officer, Chief Ethics and Compliance Officer and other human resources personnel, may provide input and make proposals as requested by the Committee regarding the design, operation, objectives and values of the various components of compensation in order to provide appropriate performance and retention incentives for key employees.

These proposals may be made on the initiative of the Chief Executive Officer, the executive officers, or upon the request of the Committee.

Our Chief Executive Officer provides a self-assessment to the Committee, but otherwise is not involved in deliberations relating to his own compensation.

Role of Frederic W. Cook

Effective July 1, 2013, Frederic W. Cook began serving as the independent compensation consultant to the HC&CC. Their primary role was to assist with the evaluation of our executive compensation programs.

The Committee selected Frederic W. Cook as the advisor after soliciting bids from a number of compensation consulting firms that specialize in advising Board of Directors on matters relating to executive compensation design and delivery.

Frederic W. Cook was selected because of the independence of the firm along with its reputation as a leading consultant in the field of executive compensation.

Pursuant to its engagement, Frederic W. Cook has performed a number of services for the HC&CC, including but not limited to:

Reviewing and providing perspective on the ISS and Glass Lewis reports relating to the 2013 Proxy

Reviewing and providing perspective on the appropriateness of the 2013 Proxy Peer Group

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Reviewing and providing perspective on actions relating to retention of key talent which resulted in the acceleration of the March 2014 Long-Term Incentive award cycle to November of 2013

Assisting with the design of a new Equity and Incentive plan, subject to shareholder approval in 2014

Reviewing and providing perspective on the market competitiveness of the compensation provided to the Named Executive Officers vs. the 2013 Proxy Peer Group

Reviewing and providing perspective on the market competitiveness of the Board of Directors Compensation Program

Frederic W. Cook was paid \$211,274 in fees during 2013 for performing the above and other activities. Frederic W. Cook did not receive any other fees or provide any other consulting outside of its work for the HC&CC to PHH Corporation during 2013.

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Our 2013 Compensation Program Delivered Pay-for-Performance

2013 Management Incentive Plan (MIP)

Key Objectives of our 2013 MIP

Our 2013 (MIP) for our NEOs was comprised of the following three metrics: (1) Core Earnings (Pre-tax) Per Diluted Share, (2) Adjusted Cash Flow and (3) Pre-tax Core ROE. Based on the performance of these three metrics, the earnings opportunity for the NEOs could range from 0% to 150% of their MIP target.

These performance metrics accomplish the following objectives:

Adjusted Cash Flow 50% of Opportunity: Our businesses rely on cash flow in order to fund our operations and pay our debt. A focus on this non-GAAP financial measure is important to sustainable success.

Core Earnings (Pre-tax) Per Diluted Share 25% of Opportunity: This is a non-GAAP financial measure of the profitability of our ongoing business operations.

Pre-tax Core ROE 25% of Opportunity: This is a non-GAAP financial measure of the efficiency of our use of shareholder assets, and a focus on Pre-tax Core ROE is intended to ensure that we are operating in a manner that will drive shareholder value.

In order to focus our employees on driving performance that they can control, we created separate goals for each of our Mortgage and Fleet business units. Our business unit leaders during most of 2013, George Kilroy and David Tucker, were eligible for MIP payouts based on 75% of their respective business unit's performance and 25% on the Company's overall consolidated performance. The remaining Named Executive Officers received payouts based on 100% of the Company's overall consolidated performance.

Our focus on Adjusted Cash Flow in 2013 was emphasized by our using it as a "gate", such that no payouts would be made for business unit performance unless the business unit generated Adjusted Cash Flow at the Threshold level, which is 90% of Target.

We recognized that 2013 performance might not match prior years. Therefore, our target performance goals were set above our business plan, requiring performance levels above plan in order to receive target payouts. In order to provide an appropriate pay-for-performance relationship, performance above Target results in progressively greater payouts up to a maximum of 150% of an individual's target award amount for maximum performance, and performance below Target results in decreased payouts. Performance below threshold levels results in no payouts.

2013 Financial Results and its link to NEOs Maximum Earning Opportunity Under MIP

In 2013, we exceeded the Adjusted Cash Flow goal across all three reporting segments; arriving at 207.1% of target for the Mortgage business unit, 124.6% of target for the Fleet business unit and 177.1% for overall consolidated performance of PHH Corporation. However, only the Fleet business unit had positive Core Earnings (Pre-tax) Per Diluted Share and Pre-tax Core ROE achieving 88.2% and 88.8% of its 2013 target objectives on these measures, respectively. Mortgage Core Earnings (Pre-tax) Per Diluted Share and Pre-tax Core ROE were negative \$1.19 and negative 7.3%, respectively, versus target objectives of \$4.27 and 25.0% and plan thresholds of \$1.94 and 11.4%. On a consolidated basis, PHH Corporation Core Earnings (Pre-tax) Per Diluted Share and Pre-tax Core ROE were negative \$0.68 and negative 2.9%, respectively, versus target objectives of \$5.80 and 25.0% and plan thresholds of \$2.84 and 12.2%.

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The net impact of the above financial performance to our Management Incentive Plan is that funding (as a % of the incentive target opportunity) was at the levels shown in the chart below by business unit (as compared to 2012):

Business Unit	2012 MIP (as % of Target)	2013 MIP (as % of Target)	% Change
Mortgage	113.2%	75.0%	-33.7%
Fleet	120.2%	106.5%	-11.4%
PHH Consolidated	116.0%	75.0%	-35.3%

The final MIP award for our NEOs however was determined based on the Committee's careful review of the executive's individual performance against their goals and leadership competencies.

Details on MIP Funding Based on Business Unit Financial Performance

Financial Metric	Weight	Mortgage				Fleet				Consolidated			
		Threshold	Target	Actual	% of Target	Threshold	Target	Actual	% of Target	Threshold	Target	Actual	% of Target
Adjusted Cash Flow (\$M)	50%	101	112	232	150.0%	110	122	152	124.6%	204	227	402	150.0%
Core-Earnings (Pre-tax) Per Diluted Share	25%	\$ 1.94	\$ 4.27	(\$ 1.19)	0.0%	\$ 1.14	\$ 1.52	\$ 1.34	88.2%	\$ 2.84	\$ 5.80	(\$ 0.68)	0.0%
Pre-tax Core ROE	25%	11.4%	25.0%	-7.3%	0.0%	18.8%	25.0%	22.2%	88.8%	12.2%	25.0%	-2.9%	0.0%
Total	100%				75.0%				106.5%				75.0%

Maximum NEO MIP Opportunity

Messina 75%

Crowl 75%

Tucker 75%

Bradfield 75%

Brown 75%

Kilroy 98.6%

The percentages shown to the right of each NEO is the maximum percent of their 2013 MIP target that they were eligible to receive based on Financial Performance of Mortgage, Fleet and PHH Corporation business units.

Definitions of Financial Metrics Used in MIP

Adjusted Cash Flow

For purposes of the 2013 MIP, the Adjusted Cash Flow metric is based on either Consolidated Adjusted Cash Flow or Segment Adjusted Cash Flow, as applicable. Consolidated Adjusted Cash Flow is defined as free cash flow calculated as follows: the total change in our cash and cash equivalents from the beginning to the end of the performance period, adjusted as follows: (a) subtract net cash proceeds received by us from the sale of equity or equity instruments, (b) add cash paid by us for options and other derivative securities, (c) add cash paid by us for principal

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payments on unsecured borrowings, and (d) subtract proceeds received by us from unsecured borrowings. Segment Adjusted Cash Flow is defined as segment free cash flow calculated as follows: the total change in cash and cash equivalents from the beginning to the end of the performance period for either our fleet segment or combined mortgage

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- (1) David Tucker's maximum MIP opportunity is driven 75% by Mortgage Performance and 25% by consolidated results of PHH. George Kilroy's maximum MIP opportunity is driven 75% by Fleet Performance and 25% by consolidated results of PHH.

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segment, as applicable, adjusted as follows: (a) add cash paid by such segment during the year for principal payments on intercompany borrowings and (b) subtract proceeds received by such segment during the year from intercompany borrowings.

Core-Earnings (Pre-tax) Per Diluted Share

For purposes of the 2013 MIP, Core Earnings (Pre-tax) Per Diluted Share means Core Earnings (Pre-tax) determined on either a consolidated or segment basis, as applicable, divided by the fully diluted weighted- average common shares outstanding for the Company for 2013. Core Earnings (Pre-tax) were based on pre-tax income after non-controlling interest excluding unrealized changes in fair value of mortgage servicing rights that are based upon projections of expected future cash flows and prepayments as well as realized and unrealized changes in the fair value of derivatives that are intended to offset changes in the fair value of mortgage servicing rights.

Pre-tax Core ROE

For purposes of the 2013 MIP, Pre-tax Core ROE means Core Earnings (Pre-tax), as described above determined on either a consolidated or segment basis, as applicable, divided by "Adjusted Average Book Equity" determined on either a consolidated or segment basis, as applicable. Consolidated Adjusted Average Book Equity is based on the simple average of Total PHH Corporation stockholders' equity as of each of the following measurement dates: March 31, 2013, June 30, 2013, September 30, 2013, and December 31, 2013, excluding the equity impact of unrealized changes in the fair value of mortgage servicing rights that are based upon projections of expected future cash flows and prepayments and realized and unrealized changes in the fair value of derivatives that are intended to offset changes in the fair value of mortgage servicing rights that are recorded during the performance period. The adjustment to average Total PHH Corporation stockholders' equity will be calculated as follows: Total PHH Corporation stockholders' equity plus or minus the after-tax impact (based upon a 41% effective tax rate) of unrealized changes in the fair value of mortgage servicing rights.

The Actual 2013 MIP Payouts Approved for Each NEO are set forth in the table below

The table below sets forth each Named Executive Officer's 2013 MIP Target amount and actual payout

Name	Position	2013 Annualized Base Salary as of 12/31/13	2013 MIP Target Award Amount	2013 MIP Opportunity Range ⁽¹⁾		Actual 2013 MIP Payout (% of 2013 MIP Target)
Glen A. Messina	President and Chief Executive Officer	\$ 880,000	\$ 1,320,000	\$ 917,400	to \$ 1,980,000	\$ 990,000 (75%)
Robert B. Crowl	Executive Vice President and Chief Financial Officer	\$ 465,000	\$ 465,000	\$ 323,175	to \$ 697,500	\$ 348,750 (75%)
David E. Tucker	Executive Vice President, Mortgage	\$ 588,000	\$ 735,000	\$ 499,800	to \$ 1,102,500	\$ 551,250 (75%)
Richard J. Bradfield	Senior Vice President and Treasurer	\$ 345,000	\$ 258,750	\$ 179,831	to \$ 388,125	\$ 194,063 (75%)
William F. Brown	Senior Vice President, General Counsel and Secretary	\$ 360,360	\$ 270,270	\$ 187,838	to \$ 405,405	\$ 202,703 (75%)
George J. Kilroy ⁽²⁾	Former Executive Vice President, Fleet	\$ 489,180	\$ 489,180	\$ 387,675	to \$ 733,770	\$ 289,472 (59%)

(1) Range shown is reflective of Threshold performance and Maximum performance levels against respective MIP financial performance table for each of the respective segments (PHH Consolidated, Mortgage or Fleet).

(2) Mr. Kilroy resigned as an executive officer of PHH on December 20, 2013 and terminated employment with PHH on 1/10/14.

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Long-Term Incentive Awards provided during 2013

The Committee administers the Amended and Restated 2005 Equity and Incentive Plan, which provides for equity-based awards, including Performance Restricted Stock Units ("PRSUs"), Time Vested Restricted Stock Units ("RSUs") and Non-Qualified Stock options to purchase our common stock ("NQSOs"). The Committee considers equity-based awards to our Named Executive Officers an appropriate and effective method of retaining key management employees and aligning their interests with the interests of our stockholders. Eligibility for equity-based awards, the number of shares underlying each award and the terms and conditions of each award are determined by the Committee upon consultation with management and the Committee's compensation consultant.

The Committee approved two tranches of long-term incentive plan grants during 2013, the tranche in March 2013 (the "March 2013 LTIP Grant") and a special tranche in November 2013 (the "November 2013 LTIP Grant"). As described earlier, the November 2013 LTIP grant was designed to substitute for the annual tranche that would have otherwise been granted in March 2014 in view of a combination of 2013 performance and emerging retention needs based on the business environment. The Committee in approving the design of the November 2013 LTIP grants insisted that awards balance retention needs with shareholder performance requirements. In particular, the November 2013 PRSUs include provisions that condition vesting of the PRSUs based on the Company's Total Shareholder Return vs. the KBW Bank Index and the Company's compounded annual growth rate of Tangible Book Value per Diluted Share.

Absent a strategic transaction, it is not the present intention of the Committee to grant another tranche of long-term incentive awards during 2014.

Each of these grants was awarded to a limited group of employees, in order to continue to align them with long-term shareholder interests and who we believed at the time of grant were critical to retain. The grants were made to individuals who have the greatest influence over long-term shareholder value creation, including Company profitability and share price appreciation.

In particular, the program provides grant levels that are targeted at the 75th percentile of the market peer group for comparable roles. These awards will deliver the targeted value to the Named Executive Officers only if targeted Company stock price, Total Shareholder return on a relative basis and Company Tangible Book Value per Diluted Share appreciate within the defined vesting periods as described in the chart below. Failure to reach these levels of stock price or Tangible Book Value per Diluted Share appreciation would result in the complete loss of all value in some of the awards. Moreover, in determining award levels the Committee also factored in the executives' total compensation level to ensure that we remain within market-competitive total compensation levels. The elements of the Long-Term Incentive Awards are as follows:

Plan Element	Key Features of the Long-Term Incentive Awards and Link to Shareholder Value Creation	NEOs Receiving
March 2013 Non-Qualified Stock Options (NQSOs)	Stock options granted as part of the March 2013 LTIP Grant are time vested and have an exercise price of \$21.96, which was our share price on the date of grant. They provide value to the executives when the share price rises, directly aligning executives with shareholder perspectives. The amount of value provided directly correlates to the amount of share price increase.	Messina
		Crowl
		Tucker
		Bradfield
		Brown

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Date of Termination of Employment Without Cause	Percent Vested
Before July 1, 2013	0%
On or after July 1, 2013, but before July 1, 2014	25%
On or after July 1, 2014, but before March 28, 2016	50%
March 28, 2016 or thereafter	100%

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Plan Element November 2013 Performance Based Restricted Stock Units (PRSUs)	Key Features of the Long-Term Incentive Awards and Link to Shareholder Value Creation Vesting in these PRSUs requires performance over a three year period against two key dimensions which are directly correlated with shareholder value creation.	NEOs Receiving
		Messina
		Crowl
		Tucker
		Bradfield

50% of the PRSUs grant will vest based on the Company's Total Shareholder Return (TSR) relative to the TSR of the KBW Bank Index*. TSR is defined as the price appreciation percentage plus the dividend yield percentage. Moreover, regardless of the Company's performance vs. the Index, if the Company TSR is negative for the period, the plan calls for 0% payment of this component.

50% of the PRSUs granted will vest based on the compounded annual growth rate of our Tangible Book Value per diluted share

The payout range for this award is from 0% to 150% of the target PRSUs granted and are described in the chart below.



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- (1) Straight line interpolation between Threshold and Maximum level is used for vesting purposes.
 - (2) The measurement period would close upon a change in control. Performance measures would be calculated from the start of the measurement period up to and including the date of the CIC. Whatever % of PRSU that would have been paid based on that measured performance would be converted to cash equivalent and would be paid as originally scheduled.
 - (3) Dividends are added back in to book value.
- *
- The KBW Bank Index was chosen after a careful statistical analysis which included correlation of price volatility of the Company's stock price to several other indices including the S&P 500, S&P Midcap, S&P Financials, and KBW Mortgage. The review also examined the effects of extreme macro-economic events including the liquidity crisis of 2008 on the movement of

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the Company's stock compared to the indices. The totality of the review led us to select the KBW Bank Index as the appropriate benchmark. As of November 2013, the KBW Bank Index was comprised of the following companies:

#	Index Component	Ticker	% Weight
1	Citigroup	C	9.02%
2	Bank of America Corp.	BAC	8.17%
3	JPMorgan Chase & Co	JPM	8.16%
4	Wells Fargo & Company	WFC	7.72%
5	SunTrust Banks Inc	STI	4.74%
6	M&T Bank Corporation	MTB	4.39%
7	Regions Financial Corporation	RF	4.24%
8	Comerica Inc	CMA	4.21%
9	KeyCorp	KEY	4.19%
10	Capital One Financial Corp	COF	4.11%
11	Huntington Bancshares Inc	HBAN	4.05%
12	PNC Financial Services Group	PNC	3.97%
13	Fifth Third Bancorp	FITB	3.96%
14	Zions Bancorporation	ZION	3.93%
15	BB&T Corporation	BBT	3.77%
16	U.S. Bancorp	USB	3.68%
17	Bank of New York Mellon	BK	3.27%
18	State Street Corporation	STT	2.92%
19	New York Community Bank	NYCB	2.82%
20	Cullen/Frost Bankers Inc	CFR	2.10%
21	Commerce Bancshares Inc	CBSH	2.09%
22	Northern Trust Corp	NTRS	1.76%
23	People's United Financial Inc	PBCT	1.38%
24	First Niagara Financial Group	FNFG	1.33%

Plan Element	Key Features of the Long-Term Incentive Awards and Link to Shareholder Value Creation	NEOs Receiving
November 2013 Time Vested Restricted Stock Units (RSUs)	The value of these RSUs are directly correlated to the performance of the Company's stock price and vest and are paid in two stages. 40% of the RSUs will vest and be paid 18 months from the date of grant and the remaining 60% will vest and are paid 36 months from the date of grant.	Messina Crowl Tucker Bradfield Brown

With the exception of Mr. Brown, the NEOs received 50% of their November 2013 LTIP grants in the form of Performance Based Restricted Stock Units and 50% in the form of Time Vested Restricted Stock Units. Mr. Brown, who was not an NEO during the prior year, received 100% of his November 2013 LTIP grants in the form of Time Vested RSUs.

**November 2013 Vesting Under
a Change in Control**

The November 2013 awards include a "double trigger" accelerated vesting feature. Double triggers are considered more favorable to shareholders because they have a greater retentive effect after a change in control than "single trigger" features. Under the double trigger provisions, the November 2013 LTIP grants provide for vesting based on performance through the date of the change in control. However, units are generally paid following the third anniversary of the grant date or, if earlier, any one of the following qualified events that occurs within 24 months of the change in control:

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Plan Element	Key Features of the Long-Term Incentive Awards and Link to Shareholder Value Creation	NEOs Receiving
	Termination without cause	
	Retirement	
	Resignation for "Good Reason" meaning any one of the following (i) a material diminution in Grantee's base compensation (from the amount in effect on the date of the Change in Control); (ii) a material diminution in authority, duties, or responsibilities of Grantee; (iii) a material diminution in the budget over which Grantee retains authority; (iv) a material change in the geographic location at which Grantee is required to perform services; and (v) any other action or inaction that constitutes a material breach of the award agreement; provided, however, that for the Grantee to be able to resign for "Good Reason," the Grantee must give the Company notice of the above conditions within 90 days after the condition first exists, the Company must not have remedied the condition within 30 days after receiving written notice, and the Grantee must resign within 60 days after the Company's failure to remedy.	
Restrictive Covenants	All of the Long-Term Incentive awards granted were conditioned on the recipient agreeing to be covered by a restrictive covenant agreement that would prohibit the individual from engaging in certain competitive or other harmful activities during the term of their employment and ranging for a period of one to two years following employment termination, depending on the recipient.	
Claw-Back Provisions	Long-Term incentive grants are subject to "claw back" provisions which state that any unvested awards shall be forfeited and shares issued shall be returned if it is determined by the Committee that the recipient violates non-competition, non-solicitation, non-disclosure, or other restrictive covenant agreements, is terminated for cause, or engages in conduct which materially harms us, such as financial or reputational harm, provides materially inaccurate information related to our financial statements, creates excessive risk or allows it to be created, violates our Code of Conduct, or is under investigation for a regulatory matter due to gross negligence or willful misconduct in the performance of the recipient's duties.	

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Plan Element	Key Features of the Long-Term Incentive Awards and Link to Shareholder Value Creation	NEOs Receiving
Stock Ownership & Retention Guidelines	Employees who receive equity based grants are required to hold a specified amount of our common stock and are not permitted to sell any shares of common stock except to pay taxes upon vesting or exercise. The employee stock ownership and retention guidelines, which were amended and restated on December 18, 2013, are as follows:	
	CEO 5X base salary	
	CFO and Business Unit Presidents 4X base salary	
	Section 16 Officers (excluding the Principal Accounting Officer) 3X base salary	
	Covered employees who are members of the Management Operating Committee 2X base salary	
	Covered employees who are identified by the Company as regular recipients of equity based grants under the 2005 Amended and Restated Equity and Incentive Plan; or successor Plan 1X base salary	

The following Named Executive Officers were recipients of March 2013 LTIP Grant awards. The March 2013 LTIP Grant levels were based on each individual's prior year performance and expected future contributions to the success of the Company. These awards were targeted to enable our executives, based on performance, to earn total direct compensation in the 50th to 75th percentile of the peer group.

Name	2013 Annualized Base Salary as of 12/31/13 (\$)	Target Number of PRSUs Granted as part of March 2013 LTIP Grants (#)	Target Number of Stock Options Granted as part of March 2013 LTIP Grants (#)	Total Grant Date Fair Value of March 2013 LTIP Grants (\$)	March 2013 LTIP Grant Fair Value as a Percent of Annualized Base Salary
Glen A. Messina	880,000	50,091	97,604	1,647,993	187%
Robert B. Crowl	465,000	13,763	26,818	452,806	